K LASER

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ANNUAL REPORT 2021

K LASER TECHNOLOGY INC.

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Annual Report 2021

光群雷射科技股份有限公司

K Laser
Technology
Inc.

K LASER

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To Shareholders

Summary

For the full year 2021, the consolidated sales of K Laser Group grew 13% to 6.146 billion NT dollars. The annual gross profit margin was 20%. The operating profit was 216 million NT dollars, about a 5.37% decrease against 2020. Net profit of 2021 was 363.73 million NT dollars, EPS 2.42.

Three major reasons had led to the rise of cost of good sold and the 3% decrease of annual profit margin for 2021. Firstly, the air freight and ocean freight rates had remained high throughout 2021. Secondly, prices for some raw material, for example paper and paperboard, had increased substantially and even doubled in some cases. Thirdly, our export business had been affected negatively by a weak US dollar last year. Fortunately, we had kept sufficient stocks in our channels worldwide and that enabled us to keep our sales activities going smoothly. The business expansion and revenues growth had significantly compensate the reduced profit margin. Going forward, we will focus on increasing our market share to double our 2020 total sales revenue by 2025.

Technology Development

Over the years, we have seen market prices falling gradually year by year and our profit margin get squeezed as material prices get higher and higher. To face that challenge, we will take the following measures to maintain our competitive edge.

1. Improve the production process and efficiency.
2. Dedicate ourselves to improve our design and origination capabilities to provide various unique products with security functions and help customers to achieve a desired outcome.
3. Direct our research and development efforts to create products for special uses.
4. Continue to embrace the latest technologies to ensure our competitiveness in the security label market.

Our Strategy and Global Situation

Our research and development efforts and our sales & marketing strategies are influenced by these noteworthy trends.

1.) The plastic waste reduction policy has spurred more and more customers to use eco-friendly materials for packaging.

2.) Digital printing is making short and variable runs possible, and therefore offering commercial packaging and printed matter chances of customization.

3.) Security label users are looking for more complicated products that merge multiple security features.

4.) Supply structure is getting more attentions as customers look for stable supply and fast delivery.

5.) Increasing geopolitical tensions have roiled global trade and more uncertainties are ahead.

In response to the above trends, we already had our products qualified for digital printing by customers. We have also been adjusting our production to exploit the demand for environmentally friendly products, and enhancing our technology integration capabilities to satisfy the appetite for multi-featured security solutions. A flexible inventory plan has also been in place to support sales activities worldwide. On top of all those actions, we will devise a scheme that will allow our business to operate normally in case of further trade conflicts between countries.

Although more and more countries are relaxing restrictions for COVID-19 in order to bring business activities back on track, war crises and inflation are new monsters looming on global economy. Forms of sanctions exerted at will by discontented countries against others will kick commodity prices higher and exacerbate inflation, and cost our business operations unpredictably. At such a time, we are very wary of all headwinds and are preparing to adjust for different scenarios.

Finally, we would like to express our gratitude to our shareholders for your supports and our employees for their efforts. We will keep the great spirit of teamwork and continue to lead K Laser successfully in the future.

Sincerely,

Alex Kuo
Chairman

2. Company Overview

1. Corporate profile

K laser group (TWSE: 2461) was founded in Hsinchu Science Park on April 29, 1988 and has been committed to laser holography since its establishment. At present, there are 14 offices and 8 production centers all over the world, and they are the main suppliers of laser materials and lens materials in the world. Products include laminating film, transfer film, hot stamping foil, cold stamping foils, laminating paper, transfer paper, etc., which can be widely used in anti-counterfeiting certification, packaging, printing and decoration.

2、 Evolution of the company

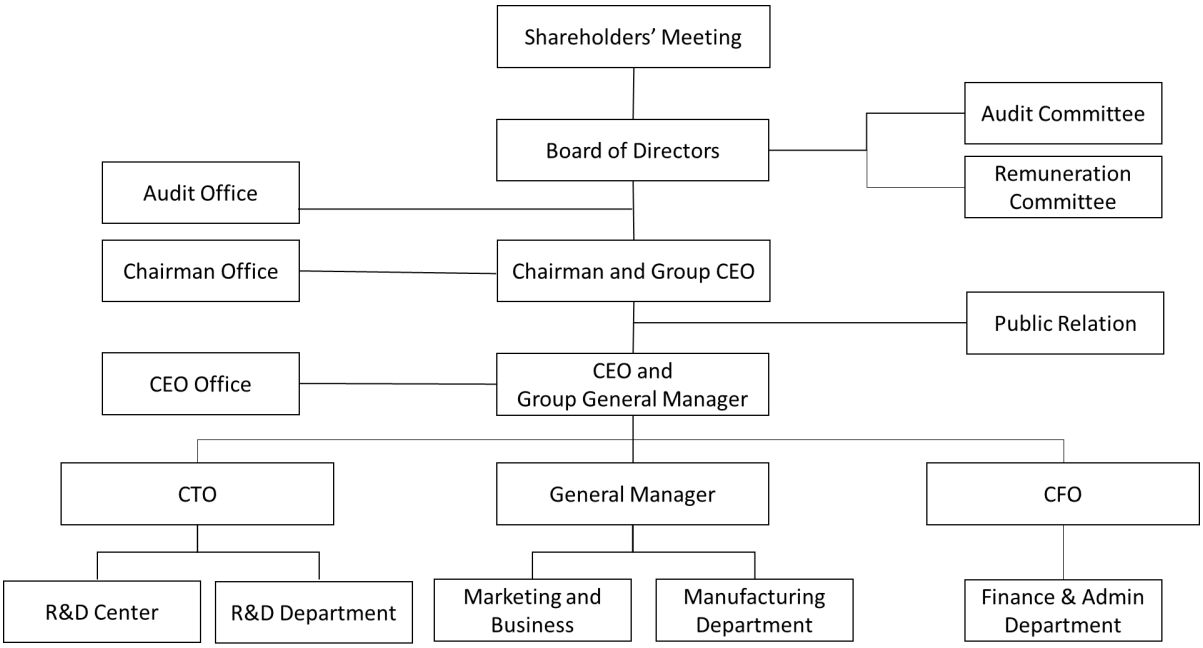
1988	Established in Hsinchu Science Park to manufacture and sell holographic anti-counterfeiting materials.
1989	Develop composition technology and strengthen product application development to expand market niche.
1990	Produce colorful diamond paper and general laser paper, and officially enter the field of laser film production.
1991	Develop production equipment that can produce 30cm wide product and launch PVC laser film and self-adhesive paper products.
1992	Develop production equipment that can produce 60cm and 80cm wide products. Introduce CONTACT COPY and TRUE COLOR laser holography.
1993	Introduced digital laser holographic photography. Launched glazing film products. Established AMAGIC Holographics, Inc.
1994	Launched laser gilding film products. Completed the development of holography with various technology combinations.
1995	Launched holographic paper boxes and transparent laser anti-counterfeiting film products.
1996	Initial public offering of shares. Established subsidiaries in Dubai, Middle East and Thailand.

	Launched holographic color OPP films.
	Phase-shifted Fizeau interferometer won the first Outstanding Optoelectronic Product Award at the International Optoelectronic Exhibition.
1997	Awarded by the Optical Engineering Society of the Republic of China as an excellent manufacturer of optics.
1998	Developed and completed the production equipment of 100cm wide product. Passed BSI ISO9001 international quality certification.
	Phase shift Fizeau interferometer won the 7th Taiwan Excellence Award.
1999	Listed on Taiwan Stock Market Over-the-Counter (OTC).
2000	Awarded Small Giant Award by Ministry of Economic Affairs.
2001	Listed on Taiwan Stock Exchange (Code: 2461). Won the National Rock Award.
	Established Global Operations Headquarters in Hsinchu Science Park.
	Established U.S. R&D center and subsidiaries in Wuxi and Dongguan, China.
	New investment in K Laser Technology (projector industry).
2002	Established K Laser Technology (Korea) Co.
2003	Established a subsidiary of K Laser Technology Japan Co.
2004	Added a new investment in K Laser Group (photoelectric brightening film industry).
2012	Launched a pure non-stitching holographic film.
	Merged Reinvestment company - K Laser Group(photoelectric brightening film industry) into Optivision Technology Inc. and became a subsidiary of K Laser Group.
2014	Subsidiary of K Laser Technology was traded on Taiwan Over-the-Counter (Code: 3666).
2015	New reinvestment Insight Medical Solutions Inc. (medical instrument industry).
2016	Merged reinvestment company- HuNan HeRui Laser Technology Co. (holographic industry) into K Laser Group and became a subsidiary of K laser Group.
	Merged reinvestment company - Everest display (projector industry) into K Laser Group and became a subsidiary of K Laser Group.
2017	Boxlight, a foreign reinvestment company, was listed on NASDAQ (Code: BOXL).
2019	Merged reinvestment company - Insight Medical Solutions Inc. merged into K Laser Group and became a subsidiary of K Laser Group.
2020	Made a simple merger with the reinvestment company - Everest display (projector industry) on June 30, 109.
2021	Merged reinvestment company - Jiangsu Sunderray Laser Packing Material Co.,Ltd merged into K Laser Group and became a subsidiary of K Laser Group.

3. Governance Report of Company

1. Organization

(1) Organization Chart



(2) Functions of All Main Departments

Main Department	Functions of All Department
Chairman Office	＊Enterprise Development ＊Public Relation
Audit Office	＊Check and evaluate the correctness, reliability, efficiency and effectiveness of the company's internal control, and then provide improvement suggestions to promote business efficiency and effectively implement internal control.
CEO Office	＊Enterprise Policy and Management ＊Subsidiaries Management
CFO	＊Planning and Managing the Finance, Accounting, Tax and Investors Relationship
CTO	Integrating and Managing the Company's R&D team, resource, and environment to increase R&D efficiency
Finance & Admin Department	＊Financial scheduling, fund management, collection, production and analysis of accounting data, stock affairs handling, etc. ＊Related Parties Support
Manufacturing Department	＊Manufacturing of Products
R&D Department	＊Products R&D
Marketing and Business Department	＊Sales, Promotion and Export of Products

2. Directors and Major Officers

(1). Director

1. Director (including Independent Director) Information

March 29,2022

Title	Name	Gender Age	Elect (Take Office) Date	Tenure	Primary Election Date of Election	Time of Election Holding of Shares		Present Shareholding		Present Shareholding of Spouse and Minors		Shareholding in Names of Others		Main Experience and Education Degree	Current Part-Time Positions of the Company and Other Companies	Other managers, directors or supervisors who have a spouse or a relationship within parents			Remarks
						Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Chairman	Alex Kuo	Male 61-70	2020.05.28	3	1988.03.16	10,997,756	6.90	10,997,756	6.71	1,099,194	0.67	—	—	Ph.D of Electrical Engineering, State University of New York at Stony Brook, USA	Chairman, CEO and General Manager of K Laser Group Chairman and Director of Subsidiaries of K Laser Technology Inc.	Director Director	Daniel Kuo Lisa Hsu	Parents, etc. Spouse	Note 1
Director	Daniel Kuo	Male 61.70	2020.05.28	3	1992.06.21	1,122,254	0.70	818,254	0.50	4,572	—	—	—	Master of Civil Engineering, New Jersey Institute of Technology, USA	Chairman of Optivision Technology Inc. Director of Subsidiaries of K Laser Technology Inc.	Chairman Director	Alex Kuo Lisa Hsu	Parents, etc. Parents, etc.	
Director	Lisa Hsu	Female 61-70	2020.05.28	3	2011.06.17	1,040,194	0.65	1,099,194	0.67	10,997,756	6.71	—	—	Master of Computer, New York Institute of Technology, USA Master of Economy, State University of New York, USA	Director of K Laser Technology Inc.	Director Chairman	Daniel Kuo Alex Kuo	Parents, etc. Spouse	
Director	C.L. Kuo	Male 61-70	2020.05.28	3	2017.05.26	—	—	—	—	—	—	—	—	Graduated from National Taipei University of Technology, majored in Industrial Engineering CEO of K Laser China Group General Manager of Dongguan K Laser Technology Co., Ltd General Manger of Wuxi K Laser Technology Co., Ltd Factory Manager and Director of General Management Department of K Laser Technology Inc.	Director of Subsidiaries of K Laser Technology Inc.	—	—	—	
Independent Director	Bi-Xin Huang	Female 61-70	2020.05.28	3	2017.05.26	—	—	—	—	—	—	—	—	MBA, National Chiao Tung University Director of Administrative Finance of Hanenergy Technology Co., Ltd Financial Manager of AVID Electronics Corp. and Related Enterprise Accounting Director of Taiwan Semiconductor Manufacturing Co., Ltd. Accounting Manager of Taiwan Hongzhi Computer Co., Ltd	Independent Director of K Laser Technology Inc. Supervisor of Chin-Shi Electronic Material Ltd.	—	—	—	

Title	Name	Gender Age	Elect (Take Office) Date	Tenure	Primary Election Date of Election	Time of Election Holding of Shares		Present Shareholding		Present Shareholding of Spouse and Minors		Shareholding in Names of Others		Main Experience and Education Degree	Current Part-Time Positions of the Company and Other Companies	Other managers, directors or supervisors who have a spouse or a relationship within parents			Remarks
						Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Independent Director	Ren Liu	Male 61-70	2020.05.28	3	2020.05.28	—	—	—	—	—	—	—	—	Bachelor of Physics, National Chiao Tung University Master of Electronic Engineering, Stanford University, USA Senior Adviser of Director Room of National Space Organization Senior Researcher of Comprehensive Plan Room of National Space Organization Captain of Flight Control Team of National Space Organization Senior Researcher of Industrial Team of National Space Organization, Researcher/Technical Manager/Plan Host of Honeywell R&D Center/Aerospace Department	Contract Researcher of Graduate Institute of Photonics, National Sun Yat-sen University	—	—	—	
Independent Director	Gen-Sen Chang-Hsieh	Female 61-70	2020.05.28	3	2011.06.17	—	—	—	—	476	—	—	—	Bachelor of Business, National Taiwan University MBA, University of California, Irvine Assistant Professor of Hwa Hsia University of Technology Accountant of USA International Accounting Firm Finance Director of American Branch of Taiwan K Laser Accountant of Bettercom Accounting Firm	Independent Director of K Laser Technology Inc. Independent Director of China Airlines Ltd.	—	—	—	

Note 1: If the chairman of the board of directors and the general manager or the equivalent person (top manager) are the same person, spouse or first-degree relatives, the reasons, rationality, necessity and countermeasures shall be explained:

The chairman and general manager of the Company can have more information to understand the company's operating conditions, so that the board of directors can better master the Company's operating conditions, improve management efficiency, and implement decisions smoothly.

In 2017, the Company set up Audit Committee, which clearly defined the organizational rules of the Audit Committee, and could also improve the management of the board of directors and reduce the doubts of the chairman as the general manager.

2. Major shareholders of corporate shareholders: None
3. Major shareholders of corporate shareholders if they are legal persons: None
4. Remuneration of general directors and independent directors in 2021

Unite: NT$ 1000

Title	Name	Remuneration of Director								Proportion of total amount to net profit after tax of individual financial report in 2021 (A+B+C+D)		Part-time employees receive relevant remuneration								Proportion of total amount to net profit after tax of individual financial report in 2021 (A+B+C+D+E+F+G)		Whether have received remuneration from reinvested enterprises or parent companies outside subsidiaries (J)
		Remuneration (A)		Retirement Pension (B)		Remuneration of Director (C)		Business Execution Expense (D)				Salary, Bonus, Special Disbursement/Special Allowance, etc. (E)		Retirement Pension (F)		Employee Remuneration (G)						
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company		All companies in financial report		The Company	All companies in financial report	
																Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
Chairman	Alex Kuo	—	—	—	—	3,311	3,311	36	36	0.92%	0.92%	4,723	5,300	48	48	4,800	—	4,800	—	3.55%	3.71%	—
Director	Daniel Kuo	—	—	—	—	1,324	1,324	36	72	0.37%	0.38%	—	5,647	—	—	—	—	—	—	0.37%	1.94%	—
Director	Lisa Hsu	—	—	—	—	662	662	36	36	0.19%	0.19%	—	350	—	—	—	—	—	—	0.19%	0.29%	—
Director	C.L. Kuo	—	—	—	—	662	662	36	36	0.19%	0.19%	—	500	—	—	—	—	—	—	0.19%	0.33%	—
Independent Director	Bi-Xin Huang	240	240	—	—	—	—	36	36	0.08%	0.08%	—	—	—	—	—	—	—	—	0.08%	0.08%	—
Independent Director	Gen-Sen Chang -Hsieh	240	240	—	—	—	—	36	36	0.08%	0.08%	—	—	—	—	—	—	—	—	0.08%	0.08%	—
Independent Director	Ren Liu	240	240	—	—	—	—	36	36	0.08%	0.08%	—	—	—	—	—	—	—	—	0.08%	0.08%	—

Description:
(1) The Company's policy, system, standard and structure for Directors' compensation is based on his/her duty, risk, input time, along with domestic industry level.
(2) According to the Company's Bylaws, the Company may pay the Directors as his/her carrying out the Company's duty. The amount is considered based on the degree of participation, the contribution and domestic/international industry level
(3) The Directors' compensation is based on the salary policy approved by the Board of Directors and determined by his/her performance. The Company pays salary to the independent directors on monthly bases with fixed compensation. For other directors, the Company shall allocate the compensation under 2% of the pre-tax net income before deducting employees' and directors' compensation, and distribute by the degree of participation and contribution to the company.
(4) The latest compensation is approved by the Board of Directors on March 24, 2022.

5. Professional knowledge and independence of directors

Criteria / Name/ Title	Professional Qualification and Experience	Independent Directors' Independence Status (Note)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chairman Alex Kuo	Please refer to the Director Information on page 6 in this annual report	(1)More than half of the shares that are not directors of the company or have voting rights are directors, supervisors or employees of other companies controlled by the same person (2)Not elected by the government, legal person or its representative as stipulated in Article 27 of the Company Law.	0
Director Daniel Kuo		(1)It is not a natural person shareholder who holds more than 1% of the total issued shares of the company or holds the top ten shares in the name of others. (2)Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint their representatives as directors or supervisors of the company according to Item 1 or Item 2 of Article 27 of the Company Law. (3)More than half of the shares that are not directors of the company or have voting rights are directors, supervisors or employees of other companies controlled by the same person. (4)Not elected by the government, legal person or its representative as stipulated in Article 27 of the Company Law.	0
Director Lisa Hsu		(1)Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint their representatives as directors or supervisors of the company according to Item 1 or Item 2 of Article 27 of the Company Law. (2)More than half of the shares that are not directors of the company or have voting rights are directors, supervisors or employees of other companies controlled by the same person. (3)Not elected by the government, legal person or its representative as stipulated in Article 27 of the Company Law.	0

Director C.L. Kuo		（1）It is not a natural person shareholder who holds more than 1% of the total issued shares of the company or holds the top ten shares in the name of others. （2）Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint their representatives as directors or supervisors of the company according to Item 1 or Item 2 of Article 27 of the Company Law. （3）More than half of the shares that are not directors of the company or have voting rights are directors, supervisors or employees of other companies controlled by the same person. （4）Have no spouse or kinship within parents, etc. with other directors. （5）Not elected by the government, legal person or its representative as stipulated in Article 27 of the Company Law.	0
Independent Director Bi-Xin Huang		(1)Employees who are not the company or its affiliated enterprises. (2)Directors and supervisors of non-company or its affiliated enterprises. (3)It is not a natural person shareholder who holds more than 1% of the total issued shares of the company or holds the top ten shares in the name of others. (4)Spouses, relatives within the second degree or lineal relatives within the third degree who are not managers listed in (1) or persons listed in (2) and (3). (5)Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint their representatives as directors or supervisors of the company according to Item 1 or Item 2 of Article 27 of the Company Law. (6)More than half of the shares that are not directors of the company or have voting rights are directors, supervisors or employees of other companies controlled by the same person. (7)Directors (councilors), supervisors (supervisors) or employees of other companies or institutions who are the same person or spouse as the chairman, general manager or equivalent position of the company. (8)Directors (councilors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have no financial or business dealings with the company. (9)Professionals, business owners, partners, directors (directors), supervisors (supervisors), managers and their spouses of sole proprietorships, partnerships, companies or institutions who do not provide audit services for companies or affiliated enterprises or have received business, legal affairs, finance, accounting and other related services with a cumulative amount of remuneration not exceeding NT$ 500,000 in the last two years. However, members of the remuneration committee, the public takeover review committee or the merger and acquisition special committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Law or the Merger and Acquisition Law shall not be subject to this restriction. (10)Have no spouse or kinship within parents, etc. with other directors. (11)Not elected by the government, legal person or its representative as stipulated in Article 27 of the Company Law.	0
Independent Director Ren Liu			0
Independent Director Gen-Sen Chang-Hsieh			1

Note: According to the listing review criteria and the establishment of independent directors of public companies and matters to be followed, the company has obtained a statement of independence for independent directors, confirming that they meet the independence qualifications stipulated by laws and regulations.

5.1 Board Diversity and Independence

(1) Diversity of the board of directors:

The company advocates and respects the policy of diversity of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, it is believed that the policy of diversity will help improve the overall performance of the company. The Directors oar elected based on their capability, and they possess diverse and complementary capabilities across industry, including basic composition (such as gender, age, nationality, culture, etc.), as well as industry experience and related skills (including industry, accounting, finance, marketing, public relations or technology, etc.).

In order to achieve the ideal goals of corporate governance, Article 23 of the Company's "Code of Practice on Corporate Governance" clearly states that the board of directors should have the following capabilities as a whole: 1. Operational judgment 2. Accounting and financial analysis 3. Operation and management 4. Crisis management 5. Industry knowledge 6. International market outlook 7. Leadership 8. Decision-making

The current board of directors of the company consists of seven directors with outstanding professional backgrounds and rich experience in high-tech, finance, business and management fields, including 3 non-executive directors, 3 independent directors and 1 executive director (Alex Kuo, the chairman and General Manager), and the members have rich experience and professionalism in the fields of industry, business, international market, finance, industry analysis, enterprise resource planning and integration, etc.

The average age of the board of directors is 65 years old, and the seven directors are between 61 and 70 years old. In addition, the company also pays attention to gender equality in the composition of the board of directors. The proportion of female directors is 43%. There are currently seven directors, including three female directors.

The implementation of the diversity policy of the Board of Directors of the Company is as follows:

Diversity / Name	Basic Info								Experience in industry				Professional			
	Nationality	Gender	Employed by the Company	Age		Experience as independent director										
				61-65	66-70	< 3Y	3Y-9Y	>9Y	Holographic	Management	Industry Analysis	Others	Finance	Foreign Market	IT	Risk Management
Alex Kuo	R.O.C.	Male	V		V				V	V	V			V		V
Daniel Kuo	R.O.C.	Male		V					V	V	V			V		V
C.L. Kuo	R.O.C.	Male		V					V	V	V			V		V
Lisa Hsu	R.O.C.	Female		V					V	V			V		V	
Gen-Sen Chang-Hsieh	R.O.C.	Female		V				V		V	V		V			V
Bi-Xin Huang	R.O.C.	Female			V		V			V		V	V			V
Ren Liu	R.O.C.	Male			V	V						V			V	

The current board of directors of the company consists of 7 directors. The specific management objectives and achievement of the diversity policy of the board of directors are as follows:

Objective	Status
The number of independent directors exceeds one third of the number of directors	Achieved
Directors who also serve as company managers should not exceed one-third of the number of directors	Achieved
Adequate and diverse professional knowledge and skills	Achieved

(2) Independence of the Board of Directors:

The board of directors of the company adopts the "candidate nomination system". All director candidates are nominated and qualified, and after the resolution of the board of directors is passed, they are submitted to the shareholders' meeting for election.

Currently there are 7 Directors in the Board, including 3 independent director and 1 director with employee status (accounting for 43% and 14% of all Directors). The average tenure of three independent directors is 4 years (the tenure of each independent director is less than 3 years, 3.5 years, and 9.5 years, respectively).

As of the end of 2021, independent directors complied with the regulations on independent directors of the Securities and Futures Bureau of the Financial Supervision Commission, and between all directors and independent directors, there are no such matters stated in article 26-3 paragraphs 3 and 4 of the Securities and Exchange Act. For independence, please refer to the disclosure of the professional qualifications and independent information of the independent directors on pages 9-10 of this annual report. For all directors, you can see the information of the directors on page 6-7 of this annual report.

(2). Information of the general manager, vice general manager, heads of departments and branches

1. Information of general manager, vice general manager, heads of departments and branches

March 29, 2022

Title	Name	Gender /Age	Appointment Date	Shareholding		The spouse's minor children shareholding		Shareholding in the name of others		Main Experience and Education Degree	Current position of other companies	Managers with spouse or within parents, etc.			Remarks
				Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding			Title	Name	Relation	
CEO and General Manager of Group	Alex Kuo	Male 61-70	2002.08.21	10,997,756	6.71%	1,099,194	0.67%	—	—	Ph.D. of Electrical Engineering, State University of New York at Stony Brook, USA Chairman of K Laser Group	—	—	—	—	Note 1
CFO	Teresa Huang	Female 51-60	2006.01.03	395,500	0.24%	—	—	—	—	Master of Accounting, Bentley University, USA Director of Financial Administration Department of K Laser	Supervisor of Ensam Trading (Holding) Co., Ltd.	—	—	—	
CTO	Lin Liugong	Male 51-60	2019.08.12	—	—	—	—	—	—	PhD of Chemistry, State University of New York at Stony Brook, USA Technical Manager of TSMC Founder and General Manager of Yingpu Technology Vice CEO of National Synchrotron Radiation Research Center R&D Vice Manager of K Laser	—	—	—	—	
Director of Marketing and Business	Jacky Chen	Male 41-50	2021.01.04	38,000	0.02%	—	—	—	—	Bachelor of Economy, Shih Hsin University Vice Manager of Marketing and Business Department of K Laser	—	—	—	—	
Director of Manufacturing	Sappho Chen	Female 51-60	2021.01.04	—	—	—	—	—	—	International Trade of National Taichung University of Science and Technology Vice Manager of Manufacturing Department of K Laser	—	—	—	—	
Accounting Director	Serena Hung	Female 41-50	2013.08.13	55,000	0.03%	—	—	—	—	Master of Management Science of National Chiao Tung University and Senior Accounting Manager of K Laser	—	—	—	—	
Audit Director	Yumei Tsai	Female 51-60	2018.08.14	25,715	0.02%	—	—	—	—	Master of Electronic Communication, California State University, San Francisco, USA Audit Director of K Laser Special Assistant of CEO Office of K Laser	—	—	—	—	

Note 1: If the chairman of the board of directors and the general manager or the equivalent person (top manager) are the same person, spouse or first-degree relatives, the reasons, rationality, necessity and countermeasures shall be explained:

The chairman and general manager of the Company can have more information to understand the company's operating conditions, so that the board of directors can better grasp the company's operating conditions, improve management efficiency, and implement decisions smoothly.

In 2017, the Company set up Audit Committee, which clearly defined the organizational rules of the Audit Committee, and could also improve the management of the board of directors and reduce the doubts of the chairman as the general manager.

2. Remuneration of General Manager and Vice General Manager in 2021

Unite: NT$ 1000

Title	Name	Remuneration (A)		Retirement Pension (B)		Bonus, Special Disbursement/Special Allowance, etc. (C)		Amount of Employee Remuneration (Note 1) (D)				The ratio of the total amount of A, B, C and D to the net profit after tax in 2019		Whether have received remuneration from reinvested enterprises or parent companies outside subsidiaries (E)
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company		All companies in financial report		The Company	All companies in Financial report	
								Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
CEO of Group And General Manager	Alex Kuo	2,400	2,977	48	48	2,323	2,323	4,800	—	4,800	—	2.63%	2.79%	—
Deputy General Manager	Teresa Huang Lin Liugong Jacky Chen SapphoChen	6,156	6,715	480	480	1,513	1,535	3,150	—	3,150	—	3.11%	3.27%	—

Note 1: It is the total amount of employee remuneration in 2021 approved by the resolution of the board of directors on March 24, 2022.

3. The name and distribution of the manager who distributes the employee's remuneration

March 30, 2022/Unit: NT$ 1000

	Title	Name	Amount of Share Bonus	Amount of Cash Bonus	Total	Proportion of total amount to net profit after tax of individual financial report in 2021 (%)
Manager	CEO and General Manager of Group	Alex Kuo	—	8,900	8,900	2.45
	CFO	Teresa Huang				
	CTO	Lin Liugong				
	Audit Director	Yumei Tsai				
	Accounting Director	Serena Hung				
	Director of Marketing and Business	Jacky Chen				
	Director of Manufacturing	Sappho Chen				

Note: It is the proposed distribution amount of the total amount of employee remuneration in 2021 approved by the resolution of the board of directors on March 24, 2022.

4. The Company and all financial reporting companies analyze the proportion of remuneration paid to directors, supervisors, general managers and deputy general managers in the net profit after tax in the last two years, and explain the policy, standard and combination of remuneration payment, the procedure of setting remuneration and its relationship with business performance:

Unite: NT$ 1000

Title	2020				2021			
	The Company		All companies in financial report		The Company		All companies in financial report	
	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax
Director	4,434	3.07%	11,463	7.94%	6,932	1.91%	6,968	1.91%
General Manager and Vice General Manager	16,585	11.48%	17,892	12.39%	20,870	5.74%	22,028	6.06%

The relationship between the remuneration of the company's directors, general managers and vice general managers and operating performance and future risks is as follows:

(1) The Company's policy, system, standard and structure for Directors' compensation is based on his/her duty, risk, input time, along with domestic industry level.

(2) According to Article 19-2 of the Company's Bylaws, independent directors receive fixed monthly remuneration, and the remaining directors shall be paid according to Article 32 of the Company's Bylaws. If the company has a profit during the year, the Company shall allocate the compensation under 2% of the pre-tax net income before deducting employees' and directors' compensation, and distribute by the degree of participation and contribution to the company, along with domestic and foreign level.

(3) The company regularly evaluates the remuneration of directors in accordance with the "Principles for Performance Evaluation of the Board of Directors". The relevant performance evaluation and the rationality of remuneration are reviewed by the Remuneration Committee and the Board of Directors.

(4) The company's managers' remunerations are the various work allowances and bonuses stipulated in the personnel salary policy, to sympathize and reward employees for their hard work at work. The related bonuses are determined by the company's annual performance, financial status, operating status and personal performance. In addition, if the company makes a profit in the current year, 4%-8% will be allocated as employee compensation in accordance with Article 32 of the Company Bylaw. The performance evaluation results carried out by the company in accordance with the "Employee Evaluation Procedures" and "Employee Dividend Distribution Procedures" are used as a reference for the issuance of manager bonuses. The performance evaluation items for managers are as follows:

Financial indicators: Allocated according to the company's management profit and loss statement, the contribution of each department, and the target achievement rate of the manager is considered.

Non-financial indicators: the practice of the company's core values and operational management capabilities, including work performance, work quality, work attitude, leadership, communication and coordination, the material weakness regards to legal compliance and operational matters, etc. The company review the remuneration system with actual operating conditions and relevant laws and regulations in a timely manner.

(5) The combination of remuneration paid by the company is determined in accordance with the organizational regulations of the Remuneration Committee, including cash remuneration, stock options, stock dividends, retirement benefits or resignation benefits, various allowances and other measures with substantial incentives. Its scope is the same as stated in "Regulations Governing Information to be Published in Annual Reports of Public Companies".

3. Corporate Governance Implementation

(1) Information of Operation Situation of Board of Directors

Chairman Alex Kuo held 6 board meetings in 2021, and the attendance of directors is as follows:

Title	Name	Times of Actual Presence	Times of Authorized Presence	Actual Presence Ratio	Remarks
Chairman	Alex Kuo	6	0	100%	-
Director	Daniel Kuo	6	0	100%	-
Director	Lisa Hsu	6	0	100%	-
Director	C.L. Kuo	6	0	100%	-
Independent Director	Gen-Sen Chang-Hsieh	6	0	100%	-
Independent Director	BiXin Huang	6	0	100%	-
Independent Director	Ren Liu	6	0	100%	-

Other recorded matters:

1. In case of any of the following circumstances in the operation of the board of directors, the date and period of the board of directors, the contents of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated:

   (1) Matters listed in Article 14-3 of the Securities and Exchange Law:
   The Company has set up an audit committee, which is not applicable to Article 14-3 of the Securities and Exchange Law. Please refer to the operation of the audit committee in this annual report for relevant information.
   (2) Except for the previous matters, other matters resolved by the board of directors with records or written statements that are opposed or reserved by independent directors: None。

2. The directors' implementation of the avoidance of the interested proposal shall state the names of the directors, the contents of the proposal, the reasons for avoiding the interests and the voting situation:

   (1) The “Rules of Procedure of the Board of Directors” of the Company clearly stipulates that directors who have an interest in meeting matters with themselves or the legal persons they represent should explain the important contents of their own interests to the current board of directors, and those who are in danger of harming the interests of the company should not participate in the discussion and voting, and should avoid the discussion and voting, and should not exercise their voting rights on behalf of other directors.
   (2) If a director participates in voting in violation of the withdrawal, his voting rights shall be invalid.
   (3) Proposals related to directors' interests up to now:
   -The 7th meeting of the 12th session of Board of Directors on May 11, 2021
   - Approve the company’s managers’ 2020 employee bonus distribution case

Alex Kuo, chairman and employee, did not participate in the discussion and voting of this proposal.

-The 12th meeting of the 12th session of Board of Directors on March 24, 2022

- Approve the company's 2021 employee and director remuneration distribution case

  Alex Kuo, chairman and employee, Lisa Hsu, director and employee, and Daniel Kuo, director and employee, did not participate in the discussion and voting of this proposal.

- Approve the company's managers' 2021 employee bonus distribution case

  Alex Kuo, chairman and employee, did not participate in the discussion and voting of this proposal.

- Approve the periodic review of the company's directors' salary and remuneration policy

  Alex Kuo, chairman and employee, and Lisa Hsu and Daniel Kuo, directors, did not participate in the discussion and voting of this proposal.

- Approve the periodic review of the salary and remuneration policy of members of the Audit Committee of the Company

  Independent directors Gen-Sen Chang-Hsieh, Bixin Huang and Ren Liu did not participate in the discussion and voting of this proposal.

- Approve the periodic review of the remuneration policy of members of the remuneration Committee of the company

  Independent directors Gen-Sen Chang-Hsieh, Bixin Huang and Ren Liu did not participate in the discussion and voting of this proposal.

- Approve the periodic review of the company's manager salary remuneration policy

  Alex Kuo, the chairman and employee, does not participate in the discussion and voting of this proposal.

3. The status of evaluating board of directors

Evaluation cycle: once a year
Evaluation period: to evaluate the performance of the board of directors from January 1 to December 31, 2021
Evaluation scope: board of directors, individual directors, Audit Committee, and Remuneration Committee
Evaluation methods: internal self-evaluation of the board of directors, self-evaluation of board members and peer evaluation
Evaluation content: (Full score is 5)

I. Performance evaluation of board of directors

Examination items	Average score
Participation in the company's operations	4.87
Improve the decision-making quality of the board of directors	4.81
Composition and structure of board of directors	5.00
Selection and Continuing Education of Directors	4.89
Internal Control	4.89

II. Performance evaluation of individual directors: performance evaluation of board members

Examination items	Average score
Master the company's objectives and tasks	4.95
Cognition of directors' responsibilities	5.00
Participation in the company's operations	4.94
Internal relationship management and communication	4.81
Professional and continuing education of directors	5.00
Internal Control	4.86

III. Performance evaluation of functional committees:

A. Performance evaluation of the Audit Committee

Examination items	Average score
Participation in the company's operations	5.00
Occupational cognition	4.80
Composition and selection of Committee members	4.78
Internal Control	4.56

B. Performance evaluation of remuneration committee

Examination items	Average score
Participation in the company's operations	5.00
Occupational cognition	4.80
Composition and selection of Committee members	5.00

4. Evaluation of the objectives and implementation of strengthening the functions of the board of directors in the year and the latest year:

(1) Three of the current seven directors of the Company are independent directors. The members of the directors of the Company have diverse backgrounds, including different industrial, academic and financial professional backgrounds, including three female directors.

(2) On March 30, 2020, in order to improve corporate governance and professional functions of the board of directors, the board of directors of the Company resolved to amend the rules of procedure of the board of directors, effectively play the role of directors, and update relevant regulations and standard operating procedures for handling directors' requirements.

(4) The Company has finished the performance evaluation for board of directors and functional committees, and has reported the outcome to the board of directors.

(3) Evaluation of implementation situation: The Audit Committee operates normally.

(3)Information on the operation of the Audit Committee

The Audit Committee of the Company is composed of three independent directors to assist the board of directors in fulfilling its supervision of the company's quality and integrity in implementing relevant accounting, auditing, financial reporting procedures and financial control.

(1) The matters considered by the Audit Committee mainly include:

A. establish or amend the internal control system

B. Assessment of the effectiveness of the internal control system

C. Procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivative commodity trading, lending funds to others, endorsing others or providing guarantees for others

D. Matters involving directors' own interests

E. significant transactions in assets or derivatives

F. Significant loan of funds, endorsement or guarantee

G. Raising, issuing or privately placing securities with equity nature

H. Appointment, dismissal or remuneration of certified public accountants

I. Appointment and removal of financial, accounting or internal audit supervisors

J. Annual financial report and semi-annual financial report

The Board of Directors prepared the Company's business report, financial statements and earnings distribution proposal for the year of 2021, among which the financial statements were audited by Deloitte & Touche, and an audit report was issued. The above-mentioned business report, financial statements and earnings distribution proposal have been checked by the Audit Committee, and it is considered that there is no discrepancy.

The Audit Committee evaluates the effectiveness of the policies and procedures of the company's internal control system (including control measures such as sales, procurement, production, personnel, finance, information security, and compliance with laws and regulations), and supervises the operation of the company's internal audit unit and reviews the self-evaluation results of internal control. The Audit Committee believes that the company's internal control system is effective.

In order to perform its duties, the Audit Committee has the right to conduct any appropriate audit and investigation according to its Articles of Association, and has direct contact with the internal auditors, certified accountants and all employees of the company. The Audit Committee also has the right to hire and supervise lawyers, accountants or other consultants to assist the Audit Committee in performing its duties. Please refer to our website for the Articles of Association of the Audit Committee.

The Audit Committee is entrusted with the responsibility of supervising the independence of certified public accountants to ensure the fairness of financial statements. In order to ensure the independence of certified public accountants, the Audit Committee formulates an independence evaluation form with reference to Article 47 of the Accounting Law and the contents of the Announcement No.10 of Professional Ethics of Accountants, "Integrity, Fairness, Objectivity and Independence", and evaluates the independence, professionalism and competency of accountants to assess whether they are related persons, business or financial interests with the Company; On November 10, 2021, the 8th Audit Committee of the 2nd Session reviewed and approved the accountants Huang Yimin and Xu Wenya of Deloitte & Touche, who are qualified to serve as certified accountants of finance and tax of the Company.

(2) Meetings of the Audit Committee:

Chairman Huang Bixin convened the Audit Committee 4 times in 2021, and the attendance was as follows:

Title	Name	Times of Actual Presence	Times of Authorized Presence	Actual Presence Ratio	Remarks
President	Huang Bixin	4	0	100%	-
Member of Committee	Gen-Sen Chang-Hsieh	4	0	100%	-
Member of Committee	Ren Liu	4	0	100%	-

(3) Other recorded matters:

1. In case of any of the following circumstances in the operation of the audit Committee, the date and period of the audit Committee, the contents of the proposal, the resolution result of the audit Committee and the handling of the opinions of the audit Committee by the company shall be stated.

A. Operation of the Audit Committee.

Start Date of Meeting (Period)	Content of motion	Matters listed in Article 14-5 of the Securities and Exchange Law	Matters not approved by the Audit Committee but agreed by more than 2/3 of all directors
May 11, 2021 (6th meeting of the 2nd Session of the Audit Committee)	1. Internal Audit Business Report from January to April, 2021		None
	2. Financial statements and surplus distribution in the first quarter of 2021		
	Resolution of the Audit Committee (May 11, 2021): All members of the Audit Committee agreed to pass it Handling of the opinions of the Audit Committee by the company: all the directors present agreed and approved		
August 10, 2021 (7th meeting of the 2nd Session of the Audit Committee)	1. Internal Audit Business Report from January to July, 2020		
	2. Financial statements and earnings distribution in the first two quarters of 2021		
	3. Earnings distribution and ex-dividend date for cash dividend of the first two quarters of 2021		

Start Date of Meeting (Period)	Content of motion	Matters listed in Article 14-5 of the Securities and Exchange Law	Matters not approved by the Audit Committee but agreed by more than 2/3 of all directors
	4. The Company plans to increase capital in cash to the re-investment company Holomagic Co., Ltd. and Treasure Access Limited, and purchase shares of Xinguang Laser Co., Ltd.		
	5. K Laser China Group Holding Co., Limited. plans to increase capital in cash		
	6. Revision of the company's 2021 Measures for the Issuance of New Shares Restricting Employees' Rights	V	
	Resolution of the Audit Committee (August 10, 2021): All members of the Audit Committee agreed to pass it Handling of the opinions of the Audit Committee by the company: all the directors present agreed and approved		
November 10 , 2021 (8th meeting of the 2nd Session of the Audit Committee)	1. Internal Audit Business Report from January to October, 2021		None
	2. Financial statements and surplus distribution in the first three quarters of 2021		
	3. Evaluation of the independence of certified public accountants of the Company	V	
	4. Audit plan of 2022		
	Resolution of the Audit Committee (November 10, 2021): All members of the Audit Committee agreed to pass it Handling of the opinions of the Audit Committee by the company: all the directors present agreed and approved		
January 19, 2022 (9th meeting of the 2nd Session of the Audit Committee)	1. Re-investment company K Laser Technology (Dongguan) Co., Ltd. plans to dispose the land and buildings.	V	
	Resolution of the Audit Committee (January 19, 2022): All members of the Audit Committee agreed to pass it Handling of the opinions of the Audit Committee by the company: all the directors present agreed and approved		
March 24, 2022 (10th meeting of the 2nd Session of the Audit Committee)	1. Annual audit report and internal control system statement report in 2021	V	None
	2. Financial statements and earnings distribution in 2021	V	
	3. Revision for the company's Procedures for Acquisition and Disposal of Assets	V	
	Resolution of the Audit Committee (March 24, 2022): All members of the Audit Committee agreed to pass it Handling of the opinions of the Audit Committee by the company: all the directors present agreed and approved		

B. Except for the matters mentioned above, other matters that have not been approved by the Audit Committee and agreed by more than 2/3 of all directors: there is no such situation.

2. The implementation of the independent directors' avoidance of the interest proposal shall state the names of the independent directors, the contents of the proposal, the reasons for avoiding the interests and the voting situation: none.
3. Communication between independent directors, internal audit supervisors and accountants (including major issues, methods and results of communication on the company's financial and business conditions, etc.)

A. The internal audit director of the Company regularly communicates the audit report results with the audit committee members, and makes an internal audit report at the quarterly audit committee meeting. In case of special circumstances, he will immediately report to the audit committee members. In 2021, there was no such special situation. The communication between the Audit Committee of the Company and the internal audit supervisor is in good condition.

B. The certified public accountants of the Company report the audit or review results of the financial statements of the current quarter and other communication matters required by relevant laws and regulations at the quarterly audit committee meeting. If there are any special circumstances, they will immediately report to the members of the audit committee. In 2021, there was no such special situation. The Audit Committee of the company communicates well with certified accountants.

Start Date of Meeting (Period)	Communicate with the internal audit supervisor	Communicate with certified accountants
May 11, 2021 (6th meeting of the 2nd Session of the Audit Committee)	Review internal audit report (closed meeting)	1. Discuss the review of the financial statements in the first quarter of 2021, including any problems or difficulties in the review and the response of the management (closed meeting) 2. Report on changes of laws and regulations
August 10, 2021 (7th meeting of the 2nd Session of the Audit Committee)	Review internal audit report (closed meeting)	1. Discuss the review of the financial statements in the first two quarters of 2021, including any problems or difficulties in the review and the response of the management (closed meeting)
November 11, 2021 (8th meeting of the 2nd Session of the Audit Committee)	Review internal audit report (closed meeting)	1. Discuss the review of the financial statements in the first three quarters of 2021, including any problems or difficulties in the review and the response of the management (closed meeting) 2. Meeting between CPA and governance before 2021 audit
March 24, 2022 (10th meeting of the 2nd Session of the Audit Committee)	1. Review the internal audit report (closed meeting) 2. Review the Statement of Internal Control System in 2020	1. Discuss the review of the financial statements in 20211, including any problems or difficulties in the review and the response of the management (closed meeting) 2. Report on changes of laws and regulations

Results: All the above matters have been reviewed or approved by the Audit Committee, and the independent directors have no objection.

(3) The operation of corporate governance and the differences between it and the code of

practice on corporate governance of listed and OTC companies and the reasons

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
1. Whether the company has formulated and disclosed the Code of Practice on Corporate Governance in accordance with "the Code of Practice on Corporate Governance of Listed and OTC Companies"?	✓		On May 12, 2020, the Company submitted the Company's Code of Practice on Corporate Governance to the Board of Directors for review, and after it was reviewed and approved by the Board of Directors, it was disclosed on the website of the Company and the public information viewing station.	None
2. The company's equity structure and shareholder rights (1) Does the company formulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to the procedures? (2) Does the company have a list of the major shareholders who actually control the company and the ultimate controllers of the major shareholders? (3) Does the company establish and implement risk control and firewall mechanisms with related enterprises? (4) Does the company set internal regulations to prohibit insiders from using undisclosed information in the market to buy and sell securities?	✓		(1) The Company has established operating procedures and has spokespersons, proxy spokespersons, stock affairs contractors, etc., which can effectively deal with shareholders' suggestions or disputes and other related issues. (2) There is a special person responsible for handling and mastering the list of the major shareholders who actually control the company and the ultimate controllers of the major shareholders. (3) The management powers and responsibilities among the related enterprises of the Company are clearly divided, and the business contacts are also subject to the relevant provisions of the internal control system of the Company. (4) The Company has formulated internal regulations prohibiting insiders from trading securities by using undisclosed information in the market.	None
3. Composition and Responsibilities of the Board of Directors (1) Has the board of directors drawn up a diversified policy on its membership and implemented it? (2) Does the company voluntarily set up other functional committees besides the Remuneration Committee and audit committee according to law? (3) Has the company formulated the performance evaluation method of the board of directors and its evaluation method, conducted the performance evaluation on an annual and regular basis, and reported the results of the performance evaluation to the board of directors, and used them as reference for individual directors' remuneration and nomination for renewal? (4) Does the company regularly evaluate the independence of certified accountants?	✓		(1) On May 12, 2020, the Company submitted the Company's Code of Practice on Corporate Governance to the Board of Directors for review. Chapter III, Strengthening the Board's Functions, is to formulate the policy of diversity of board members. The nomination and selection of board members of the Company follow the provisions of the Articles of Association, and adopt the candidate nomination system. Besides evaluating the academic qualifications of candidates, they also comply with the method of election of directors and the Code of Practice on Corporate Governance of Listed and OTC Companies issued by Taiwan Stock Exchange to ensure the diversity and independence of board members. (2) The members of the Board of Directors of the Company have different professional backgrounds, genders and work fields, and are listed in the list of the 12th directors of the Company. Chairman Alex Kuo, director Daniel Kuo and director C.L. Kuo are good at business management, decision-making judgment,	None

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
			international negotiation and crisis management, and have in-depth and rich industrial knowledge and international market outlook. Director Lisa Hsu is good at communication and public relations affairs, independent directors Gen-Sen Chang-Hsieh, Bi-Xin Huang and Ren Liu, etc. They have rich experience and major in finance, industry analysis, enterprise resource planning integration, financial affairs, financial accounting and other related fields, which are of great benefit to the operation and management of the Company. (3) In order to realize the diversity of directors and improve the board structure, the proportion of female directors is 43%, the proportion of directors with employee status is 14%, one independent director has a term of less than 3 years, one independent director has a term of 4-6 years, and seven directors are all aged 60-69. In order to continuously strengthen the diversity of directors, the company invited Mr. Ren Liu to join the board of directors of the company at the 12th board of directors. Mr. Ren Liu specializes in forward-looking technology and project management, and has quite specialized and professional experience in the field of R&D and application of science and technology, which has contributed a lot to the professionalism of the board of directors of the Company. In addition, in order to continuously strengthen the professionalism and diversity of the board of directors, the Company plans to add a director with legal expertise to the 13th board of directors to achieve its goal. (4) The diversity policy formulated by the board of directors on its membership is disclosed on the company website and the public information viewing station. (5) The Company has set up Remuneration Committee and Audit Committee according to law, and will decide whether to set up other functional committees according to business needs in the future. (6) The Company has worked out the Rules of Performance Evaluation for Board of Directors and Functional Committee. According to the rule, the performance evaluation should be conducted annually, the scope being the whole year and	

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
			should be completed by next year shareholders' general meeting. The Company has finished the performance evaluation for board of directors and functional committees and reported the outcome to the board of directors on March 24, 2022. (7) The certified public accountant appointed by the Company is not a director, supervisor, manager, employee or shareholder of the Company or its related party, and meets the requirements of independent judgment of the competent authority. (Note 1 of the Independent Evaluation Form of Certified Public Accountants) The Company regularly evaluates (once a year) the professionalism and independence of the certified public accountants every year, and the certified public accountants have also issued an independence statement on the entrusted audit operation, which was submitted by the Finance Administration Department and reviewed and approved by the Board of Directors on November 10, 2021. The certified financial and tax accountants for the year of 2021 have all met the independence evaluation standards of the Company, and are qualified to serve as certified accountants and accounting firms of the Company and issue a statement of independence.	
4. Are listed and OTC companies equipped with competent and appropriate number of corporate governance personnel, and designate corporate governance supervisors to take charge of corporate governance-related affairs (including but not limited to providing information required by directors and supervisors to perform their business, handling matters related to meetings of board of directors and shareholders' meeting according to law, handling company registration and change registration, and making minutes of board of directors and shareholders' meeting, etc.)?	✓		The company's corporate governance personnel are concurrently employed by the staff of the Chairman's Office and the Financial Administration Department, and are responsible for corporate governance-related affairs (including providing information required by directors to perform their business, handling matters related to meetings of the board of directors and shareholders' meeting according to law, handling company registration and change registration, and making minutes of the board of directors and shareholders' meeting, etc.).	None

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up stakeholder zones on the company website, and properly respond to important corporate social responsibility issues concerned by stakeholders?	✓		The Company has established appropriate communication channels and set up website zones with stakeholders such as manufacturers, customers, banks and investors to properly respond to important corporate social responsibility issues of concern to stakeholders.	None
6. Does the company appoint a professional agency to handle the affairs of the shareholders' meeting?	✓		The Company appoints a professional stock affairs agency to handle the affairs of the shareholders' meeting.	None
7. Information Disclosure (1) Does the company set up a website to disclose financial business and corporate governance information? (2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a special person to collect and disclose company information, implementing the spokesperson system, placing the company website during the legal person briefing, etc.)? (3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the financial reports of the first, second and third quarters and the operating conditions of each month before the prescribed time limit?	✓		(1) The Company has websites in both Chinese and English, the address of which is http://www.klasergroup.com, and has disclosed the company's status, basic information and business-related information. (2) The Company has appointed a special person to be responsible for the disclosure of major information of the Company, and input the announcement of the "Market Observation Post System" on time. (3) The Company has appointed a special person to be responsible for the disclosure of the company's major information within the specified time, and input the announcement of the "Market Observation Post System" on time.	None
8. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of interested parties, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors, etc.)?	✓		(1) All directors of the Company have professional background and are currently engaged in related work; Independent directors have been required by law to study for more than six hours every year. In addition, the company also provides relevant further education information for reference from time to time. (2) Implementation of risk management policies and risk measurement standards: details of other important risks and corresponding measures. (3) Implementation of policies to protect consumers or customers: The Company has a special person responsible for handling customer complaints or product control. (4) The Company purchased liability insurance for directors: In order to strengthen the corporate governance mechanism, the Company purchased liability insurance of USD 3 million for directors	None

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
			of the Company from November 5, 2021 to November 5, 2022, which was reported to the Board of Directors on November 10, 2021.	
9. Please explain the improved situation according to the evaluation results of corporate governance released by the Corporate Governance Center of Taiwan Stock Exchange in the latest year, and put forward priority strengthening items and measures for those that have not been improved: 1. Does the company formulate and disclose a code of practice on corporate governance in accordance with "the Code of Practice on Corporate Governance of Listed and OTC Companies"? On May 12, 2020, the Company submitted the Company's Code of Practice on Corporate Governance to the Board of Directors for approval and uploaded it to the public information viewing station and the website of the Company after it was approved by the Board of Directors. 2. The Company has worked out the Rules of Performance Evaluation for Board of Directors and Functional Committee, and has finished the performance evaluation for board of directors and functional committees and reported the outcome to the board of directors on March 24, 2022.				

Note 1: Evaluation standard of accountant independence

	Evaluation Item		Inspection Result
Article 46 of the Accounting Law	1	Whether the appointed accountant agrees with others to use his name to perform business.	There is no such situation
	2	Whether the appointed accountant performs business in the name of other accountants.	
	3	Whether the appointed accountant is employed by a person without accountant qualification to perform accountant business.	
	4	Whether the appointed accountant takes advantage of his position as an accountant to compete unfairly in industry and commerce.	
	5	Whether the appointed accountant carries out business on events that are of interest to him or her.	
	6	Whether the appointed accountant is the guarantor outside the accountant's business in the name of accountant.	
	7	Whether the appointed accountant buys the movable or immovable property managed by the business.	
	8	Whether the appointed accountant requests, contracts or accepts illegal benefits or remuneration.	
	9	Whether the appointed accountant solicits business by improper means.	
	10	Whether the appointed accountant is a publicity advertisement other than opening, transferring, merging, being entrusted by customers or being introduced by an accounting firm.	
	11	Whether the appointed accountant divulges business secrets without the permission of the designated authority or the Company.	
	12	Whether the appointed accountant is an act determined by other competent authorities that can affect the accountant's reputation.	
Article 47 of the Accounting	1	Whether the appointed accountant is currently employed by the Company to take regular jobs, receive fixed salary or act as a director or supervisor.	

	Evaluation Item		Inspection Result
Law	2	Whether the appointed accountant has served as a director, supervisor, manager or an employee who has a significant influence on visa cases of the Company, and has left the company for less than two years.	
	3	Whether the appointed accountant has spouse, direct blood relation, direct in-laws or second-degree internal and collateral blood relation with the responsible person or manager of the Company.	
	4	Whether the appointed accountant or his spouse or minor children have investment or share financial benefits with the Company.	
	5	Whether the appointed accountant or his spouse or minor children have funds to borrow from the company.	
	6	Whether the appointed accountant performs management consulting or other non-visa business, which is enough to affect independence.	
	7	Whether the appointed accountant does not comply with the rotation of accountants, handling accounting affairs on behalf of others by the competent authority of business events, or other norms that may affect independence.	

(v) The composition, responsibilities and operation of the Remuneration Committee

(1) Information on members of the remuneration Committee

Identification	Condition / Name	Professional qualifications and experience	Independence	Number of members of Remuneration Committees of other public companies
Independent Director	Gen-Sen Chang-Hsieh		None of the below circumstance happen: 1. An employee of the company or any of its affiliates. 2. A director or supervisor of the company or any of its affiliates. 3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.	0

Independent Director	Ren Liu		5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. 6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. 7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. 8. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. 9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company. 10. Have no spouse or kinship within parents, etc. with other directors	0
Independent Director	Bi-Xin Huang			0

(2) The function of the Salary and Compensation Committee of the Company is to evaluate the salary and remuneration policies and systems of directors and managers of the Company in a professional and objective position. It meets at least twice a year, and may meet at any time as needed to make recommendations to the board of directors for reference in its decision-making.

The functions and powers of the Remuneration Committee of the Company:

(1) Regularly review the Company's remuneration method and propose amendments.

(2) Formulate and regularly review the policies, systems, standards and structure of the performance and remuneration of directors and managers of the Company.

(3) Regularly evaluate the achievement of the performance targets of directors and managers of the Company and evaluate the salary and remuneration of individual managers.

When the remuneration committee performs its functions and powers, it shall comply with the following standards:

(1) Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.

(2) The performance evaluation and remuneration of directors and managers should refer to the usual level of contribution from peers, and consider the individual performance evaluation results, investment time, responsibilities, achievement of individual goals, performance in other positions, remuneration given by the company to the same position in recent years, and the rationality of the relationship between individual performance and the company's operating performance and future risks.

(3) Directors and managers should not be guided to engage in behaviors beyond the company's risk appetite in pursuit of remuneration.

(4) The proportion of remuneration paid to directors and senior managers for short-term performance and the payment time of part of the changed salary should be determined by considering the characteristics of the industry and the nature of the company's business.

(5) The rationality should be considered when determining the content and amount of directors' and managers' remuneration, and the decision of directors' and managers' remuneration should not deviate significantly from financial performance.

(6) Members of the Committee shall not participate in discussion and vote on the decision on their personal salary and remuneration.

(3) Information on the operation of the Remuneration Committee

1. There are 3 members of the Remuneration Committee of the Company.
2. The term of office of the current member: May 28, 2020 to May 27, 2023. The Remuneration Committee was held 3 times in 2021, and the attendance of the members of the Audit Committee is as follows:

Title	Name	Times of Actual Presence	Times of Authorized Presence	Ratio of Actual Presence	Remarks
Convener	Gen-Sen Chang-Hsieh	3	0	100 %	-
Member of Committee	Bi-Xin Huang	3	0	100 %	-
Member of Committee	Ren Liu	3	0	100 %	-
Other recorded matters: 1. If the board of directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date and period of the board of directors, the content of the proposal, the resolution result of the board of directors and the company's handling of the opinions of the Remuneration Committee (if the remuneration approved by the board of directors is better than the recommendations of the Remuneration Committee, it shall state the differences and reasons): None. 2. If members have objections or reservations and have records or written statements, they shall state the date, period, contents of the proposal, opinions of all members and treatment of opinions of members: none.					

3. The Remuneration Committee of the company met, reviewed and evaluated the salary and remuneration information of our company in the last year as follows:

Date	Content of motion	Resolution Result	The company's handling of the opinions of the Remuneration Committee
March 23, 2021	Review the remuneration distribution of employees and directors of the Company in 2020	All members of the Committee agreed to adopt it	Submitted to the board of directors shall be approved by all the directors present
	Review the remuneration policy of directors of the Company		
	Review the company's manager salary remuneration policy		
May 11, 2021	Review the 2020 performance evaluation of Managers	All members of the Committee agreed to adopt it	Submitted to the board of directors shall be approved by all the directors present
	Review company's managers' 2020 employee bonus distribution		
August 10, 2021	Review the distribution for 2021 employee restricted stock awards	All members of the Committee agreed to adopt it	Submitted to the board of directors shall be approved by all the directors present
	Review the performance remuneration of the directors' sales target		
March 24, 2022	Review the compensation distribution of employees and directors of the Company in 2021	All members of the Committee agreed to adopt it	Submitted to the board of directors shall be approved by all the directors present
	Review the Company's Directors' Remuneration Policy		
	Review the company's manager Remuneration policy		
	Review company's managers' 2021 employee bonus distribution		

(6) The fulfillment of social responsibility and the differences between the fulfillment of social responsibility and the code of practice on corporate social responsibility of listed and OTC companies and the reasons

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate social responsibility of listed and OTC companies
	Yes	No	Abstract Description	
1. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		Based on the business philosophy and vision, the Company has fully fulfilled its social responsibilities, formulated "the Code of Practice on Corporate Social Responsibility", which was approved by the Board of Directors, and reviewed the implementation results in a timely manner, and its daily operation activities followed legal norms.	None
2. Does the company set up a special (part-time) unit to promote corporate social responsibility, which is authorized by the board of directors to be handled by senior management and reported to the board of directors?	✓		The company's social responsibility promotion is held by the chairman of the board as the convener, and the chairman's office and the financial administration department are concurrently responsible for implementing relevant corporate governance norms, participating in social welfare, formulating the company's environmental protection and energy saving measures, and implementing the government's relevant energy saving and carbon reduction plans, so as to cultivate and fulfill corporate social responsibility for a long time in a systematic and organized way.	None
3. Environmental issues (1) Does the company establish an appropriate environmental management system according to its industrial characteristics? (2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load? (3) Does the company assess the potential risks and opportunities of climate change to the enterprise at present and in the future, and take corresponding measures for climate-related issues? (4) Does the company keep statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other waste management?	✓		(1)The Company has established an appropriate environmental management system according to the industrial characteristics. Our process is free from air pollution, and has obtained the water pollution prevention measures plan permit, and invested in wastewater equipment to treat the wastewater generated in the process. (2)The Company is committed to improving the utilization efficiency of various resources and formulating relevant management measures. In order to improve the utilization efficiency of water resources, our company purchases and regularly maintains equipment such as ice water machines and cooling towers to strengthen water recycling and reuse, so as to save energy and reduce carbon. (3)At present, the Company has not evaluated the potential risks and opportunities of the enterprise at present and in the future in view of climate change, and has taken corresponding measures for climate-related issues, which will be gradually revised in the future. (4)The Company promotes various energy-saving and carbon-reducing measures, including the installation of LED lamps and paperless operation, so as to reduce the impact of our operation on the natural environment.	None

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate social responsibility of listed and OTC companies
	Yes	No	Abstract Description	
4. Society Issue (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? (2) Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and properly reflect the operating performance or achievements in employee salaries? (3) Does the company provide employees with a safe and healthy working environment and regularly carry out safety and health education for employees? (4) Does the company establish an effective career ability development training program for its employees? (5) Does the company comply with relevant laws and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures for protecting consumers' rights and interests? (6) Does the company formulate supplier management policies, requiring suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health or labor human rights, and their implementation?	✓ ✓		(1)The personnel management of the Company is strictly implemented in accordance with the Labor Standards Act, Labor Insurance Regulations, Employee Welfare Regulations and relevant laws and regulations. (2)The Company has working rules and relevant personnel management regulations, covering the basic salary, working hours, vacation, pension payment, labor and health insurance payment, occupational disaster compensation, etc. of employed workers, which comply with the relevant provisions of the Labor Standards Act. Set up a staff welfare Committee to handle various welfare matters through the operation of the welfare Committee elected by employees; The Company's remuneration policy includes relevant methods and policies for salary remuneration of managers and employees, and pays salary remuneration with reference to market payment standards and individual performance. (3)It has a positive correlation with business performance. The Company regularly carries out fire safety inspection and maintenance of drinking water and other equipment to maintain the safety and health of employees. The Company also conducts daily inspections and inspections on the factory area to implement occupational safety management. In addition, it regularly organizes fire drills and occupational safety education and training every year to cultivate employees' ability of emergency response and self-safety management. All employees will participate in labor and health insurance, pay all kinds of benefits according to regulations, and have regular health check-up and education and training subsidies, so as to provide a good working environment and protect employees' personal safety, so that employees can work wholeheartedly. (4)Employees are the most important assets of the company, and the company has established an effective development training plan according to the development of employees' career ability. (5)The Company abides by relevant laws and international standards in the marketing and labeling of products and services, and provides customers with stable product quality through strict quality management system. At the same time, in order to ensure customer service quality	None

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate social responsibility of listed and OTC companies
	Yes	No	Abstract Description	
			and enhance customer satisfaction, we set up customer service windows and communication websites, actively and regularly conduct customer satisfaction surveys and visits every year, strengthen the cooperative relationship with customers, and establish the cornerstone of sustainable business operation by establishing a mutually beneficial and co-prosperous relationship with customers. (6)The Company and suppliers will also assess whether the suppliers have any record of influencing the environment and society in the past. Contracts with major suppliers include provisions that suppliers may terminate or rescind contracts at any time if they violate their corporate social responsibility policies and have a significant impact on the environment and society.	
5. Does the company prepare the corporate social responsibility report and other reports that reveal the company's non-financial information with reference to the international standards or guidelines for preparing reports? Has the pre-disclosure report been confirmed or guaranteed by the third-party verification unit?	✓		At present, the Company is not within the scope of preparing corporate social responsibility report as stipulated by law, so the report has not been prepared yet.	None
6. If a company has its own code of corporate social responsibility in accordance with the Code of Practice for Corporate Social Responsibility of Listed and OTC Companies, please state the difference between its operation and the code: None.				
7. Other important information that is helpful to understand the operation of corporate social responsibility: None.				

(1) Company's performance of honest operation and adoption measures

The performance of honest operation and the difference between it and the code of honest operation of listed and OTC companies and the reasons

Evaluation Item	Operation Situation			Differences and reasons between the code of good faith and the code of conduct of listed and OTC companies
	Yes	No	Abstract Description	
1. Formulate policies and plans for honest management (1) Has the company formulated a credit management policy approved by the board of directors, and clearly stated the policies and practices of credit management in regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the business policy? (2) Does the company establish an assessment mechanism for the risk of dishonest behavior, regularly analyze and assess the business activities with high risk of dishonest behavior within its business scope, and formulate a plan to prevent dishonest behavior based on this, which at least covers the preventive measures against the behaviors of Article 7, paragraph 2, of the Code of Good Faith for Listed and OTC Companies? (3) Does the company work out plans to prevent dishonest behavior, specify operating procedures, behavioral guidelines, disciplinary and appeal systems for violations in each plan, and implement them, and regularly review and revise the pre-disclosure plan?	✓		(1) On March 23, 2021, the Company submitted the Company's Code of Good Faith and Code of Ethical Conduct to the Board of Directors for approval, which was reviewed and approved by the Board of Directors. In the regulations and external documents, the Company clearly stated the policies and practices of operating in good faith, and the commitment of the board of directors and management to actively implement the operating policies. Among them, the company has formulated "internal major information processing procedures" to standardize the internal major information processing and disclosure mechanism, avoid improper information leakage, and ensure the consistency and accuracy of the company's information published to the outside world; It is clearly stated in the Rules of Procedure of the Board of Directors that a director has an interest in meeting matters with himself or the legal person he represents, and should explain the important contents of his own interest to the current board of directors, so that those who are in danger of harming the interests of the company may not participate in the discussion and voting, and should avoid the discussion and voting, and may not exercise their voting rights on behalf of other directors. (2) The Company has taken preventive measures against the business activities with high risk of dishonest behavior in Article 7, Item 2 of the Code of Good Faith for Listed and OTC Companies or other business areas. (3) The Company has worked out plans to prevent dishonest behavior, and clearly defined and implemented operating procedures, behavioral guidelines, disciplinary and appeal systems for violations in each plan.	None
2. The implementation of integrity management (1) Does the company evaluate the credit record of the counterparty and specify the terms of credit behavior in the	✓		(1) The Company not only evaluates the credit record of the counterparty, but also stipulates the terms of credit behavior in the contract signed with the counterparty. (2) The promotion of the company's business	None

Evaluation Item	Operation Situation			Differences and reasons between the code of good faith and the code of conduct of listed and OTC companies
	Yes	No	Abstract Description	
contract signed between the company and the counterparty? (2) Does the company set up a dedicated unit under the board of directors to promote the honest operation of enterprises, and regularly report to the board of directors its honest operation policies, schemes to prevent dishonest behaviors and supervise their implementation? (3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them? (4) Has the company established an effective accounting system and internal control system for the implementation of honest operation, and the internal audit unit shall draw up relevant audit plans according to the assessment results of dishonest behavior risks, and then check the compliance of the scheme for preventing dishonest behavior, or entrust an accountant to perform the audit? (5) Does the company regularly organize internal and external education and training for honest operation?	✓		integrity management is jointly run by the Financial Administration Department, which mainly establishes a good corporate governance and risk control system and complies with various laws and regulations. (3) The Company has formulated policies to prevent conflicts of interest, provided appropriate channels for presentation and implemented them. (4) The Company has established an effective accounting system and internal control system, which are regularly checked and implemented by the internal audit unit. (5) The Company regularly organizes education and training on integrity management. (6) The Company publicizes and enables colleagues to clearly understand the concept and norms of integrity management through meetings of supervisors and dinners of departments.	None
3. Operation of the Company Reporting System (1) Has the company established a specific reporting and reward system, established a convenient reporting channel, and assigned appropriate personnel to accept the report? (2) Has the company established the investigation standard operating procedures for accepting and reporting matters, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism? (3) Does the company take measures to protect whistle-blowers from improper disposal due to whistle-blowing?	✓		The Company has stipulated the reporting and reward system and related confidentiality mechanism in the "Working Rules" and the "Code of Honesty and Business Practice", which are implemented according to the regulations and protect the whistle-blowers from improper disposal due to reporting.	None
4. Strengthen information disclosure (1) Has the company disclosed the contents and promotion effects of its code of good faith on its website and public information observatory?	✓		The Company has disclosed the contents of the relevant code of good faith on its website (http://www.klasergroup.com).	None

Evaluation Item	Operation Situation			Differences and reasons between the code of good faith and the code of conduct of listed and OTC companies
	Yes	No	Abstract Description	
5. If a company has established its own code of good faith operation in accordance with the Code of Good Faith Operation of Listed and OTC Companies, please state the differences between its operation and the established code: the company has established the Code of Good Faith Operation and the Code of Ethical Conduct in accordance with the Code of Good Faith Operation of Listed and OTC Companies, followed the code and continuously promoted publicity and awareness among management colleagues, and its related operations are not significantly different.				
6. Other important information that is helpful to understand the company's honest operation (such as the company's review and revision of its honest operation code, etc.): None.				

(2) Code of corporate governance, relevant regulations and other important information that can enhance the understanding of the operation of corporate governance:

Rules and regulations related to corporate governance:

A. Articles of Association
B. Rules of Procedure for Shareholder Meeting
C. Regulation of Board of Directors Meeting
D. Election Method of Board of Directors
E. Operation Method for Performance Evaluation of Board of Directors
F. Measures for The Establishment and Scope of Duties of Independent Directors
G. Organizational Rules of Remuneration Committee
H. Internal Major Information Processing Procedures
I. Code of Practice on Corporate Social Responsibility
J. Code of Practice on Corporate Governance

Visit the website of the Company for inquiry：http://www.klasergroup.com。

(9) The implementation of the internal control system

1. Statement of Internal Control

K Laser Technology Inc.
Statement of Internal Control System

Date: March 24, 2022

According to the results of self-assessment, the internal control system of the Company in 2021 is hereby declared as follows:

1. The Company knows that it is the responsibility of the board of directors and managers of the Company to establish, implement and maintain the internal control system, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operating effectiveness and efficiency (including profit, performance and asset security, etc.), reliability, timeliness and transparency of reporting, and compliance with relevant norms and compliance with relevant laws and regulations.
2. The internal control system has its inherent limitations, no matter how perfect the design, the effective internal control system can only provide reasonable guarantee for the achievement of the above three goals; Moreover, due to the change of environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the internal control system of the Company has a self-monitoring mechanism, and once the deficiencies are identified, the Company will take corrective actions.
3. The Company judges whether the design and implementation of the internal control system are effective according to the judgment items of the effectiveness of the internal control system stipulated in the "Processing Criteria for Establishing Internal Control Systems of Public Companies" (hereinafter referred to as the "Processing Criteria"). The judgment items of the internal control system adopted in the "Treatment Criteria", is that according to the process of management control, the internal control system is divided into five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Treatment Criteria" for the aforementioned items.
4. The Company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the Company considers that the design and implementation of the internal control system (including supervision and management of subsidiaries) of the Company as of December 31, 2021 is effective, including understanding the operation effect and the degree to which the efficiency target is achieved, the reporting system is reliable, timely and transparent, and it can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the annual report and the prospectus of the Company, and will be made public. If there are any illegal things such as hypocrisy or concealment in the above-mentioned disclosure, it will involve the legal liabilities of Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This declaration was approved by the board of directors of the Company on March 24, 2021. Among the 7 directors present, 0 were against it, and the rest agreed with the contents of this declaration, and made this declaration.

K Laser Technology Inc.

Chairman: Alex Kuo

General Manager: Alex Kuo

2. If an accountant is entrusted to examine the internal control system, the accountant's examination report shall be disclosed: None.

(3) The company and its internal personnel were punished according to law, the company punished its internal personnel for violating the internal control system, the main defects and improvements: none.

11. The important resolutions of the shareholders' meeting and the board of directors

1. Board of Directors

(1) The 7th meeting of the 12th session of the board of directors

Time: May 11, 2021

1. Approved 2021 Q1 Financial Statements.
2. Approved the distribution proposal for 2021 Q1.
3. Approved 2021 the ex-dividend record date of cash dividends.

(2) The 8th meeting of the 12th session of the board of directors

Time: May 31, 2021

1. Approved the amendments of 2021 Annual General Meeting.

(3) The 9th meeting of the 12th session of the board of directors

Time: August 10, 2021

1. Approved 2021 Q2 Financial Statements.
2. Approved the distribution proposal for 2021 Q2.
3. Approved 2021 Q2 the ex-dividend record date of cash dividends.
4. Approved the Cash capital increase of K Laser China Group Holding Co., Limited.
5. Approved the 2021 Measures for the issuance of new shares restricting employees' rights.
6. Approved the Company's decision for the reference date of issuance of new restricted employee, and other related matters.

(4) The 10th meeting of the 12th session of the board of directors

Time: August 21, 2020

1. Approved 2021 Q3 Financial Statements.
2. Approved the distribution proposal for 2021 Q3.
3. Approved the assessment of the independence of audit CPA.
4. Approved buy back 1,500,000 shares of treasury stocks.
5. Approved the 2021 Annual Directors' Responsibility Insurance Renewal Report.
6. Approved the 2021 Performance Evaluation of Board of Directors and Functional Committee
7. Pass the 2021 intellectual property management plan, information security management policy and the report on the implementation of communication with stakeholders.

(5) The 11th meeting of the 12th session of the board of directors

Time: January 19, 2021

1. Approved disposal of land and buildings on behalf of subsidiary K Laser DongGuan.
2. Approved the write off shares of the 26th & 28th purchase of Treasury Shares of the

Company.

3. Approved the company set the record date of the conversion of the 6st secured Convertible Corporate Bond to common stock.
4. Approved the convening of 2022 Annual General Meeting.

(6) The 12th meeting of the 12th session of the board of directors

Time: March 24, 2022

1. Approved 2022 budget and operating plan
2. Approved the amendments of 2022 Annual Shareholders' Meeting.
3. Approved 2021 Operating Report and Financial Statements.

2. Important resolutions of the shareholders' meeting and their implementation

Time: The 2021 Annual General Meeting of Shareholders was held in Hsinchu on July 2, 2021. The resolutions adopted by shareholders attending the meeting and their implementation are as follows:

(1) Acknowledgment of the 2020 annual business report and financial statements.

Implementation Situation: the business report and financial statements in 2020 were acknowledged, in which the consolidated revenue for the whole year was about NT$ 5,439,230,000 and the net profit after tax was about NT$ 191,139,000.

(2) Acknowledge the case of profit and loss appropriation in 2020.

Implementation situation: the shareholders' meeting passed the resolution of cash dividends NT$144,220,000, NT$0.96 per share, which has been handled according to the resolution of the shareholders' meeting.

(3) Approve the revision of the Articles of Association.

Implementation Situation: The change registration was approved by the competent authority on July 16, 2021 and announced on the company website.

(4) Approve and revise the internal regulations of the company as follows:

A. “Rules of Procedure for Shareholder Meeting”

Implementation Situation: It was announced on the Market Observation Post System and our website, and was handled according to the revised procedures.

(12) The directors or independent directors have different opinions on important resolutions passed by the board of directors and have records or written statements, the main contents are: none.

(13) Summary of resignation and dismissal of persons related to the company (including chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor and R&D supervisor, etc.): none.

4. Information on CPA professional fees

(1) Information on public expenses of accountants

Amount Unit: NT$ 1000

Name of CPA Firm	Name of Accountant		Accountant Audit Period	Audit fee	None-audit fee	Total	Note
Deloitte & Touche	Huang Yimin	Xu Wenya	2021	6,950	707	7,657	-

Note 1: The "others" of non-audit fees account for 25% of the total amount of non-audit fees. Its service contents include: 1. Transfer pricing report 2. Business tax direct deduction fees, business tax administrative fees 3. Non-executive salary information check fees.

(2) Where the proportion of non-audit public fees paid to certified public accountants, certified public accountants' firms and their affiliated enterprises to audit public fees is more than one-fourth: this is not the case.

(3) Where an accounting firm is replaced and the audit fees paid in the replacement year are lower than those in the previous year: this is not the case.

(4) Audit fees decreased by more than 15% compared with the previous year: there is no such situation.

5. Information on replacement of CPA:

(1) About the former accountant

Date of Change	Passed by the board of directors on March 30, 2020		
Reason and Description of Change	In 2019, the Company was replaced by Huang Yimin and Hong Guotian as Huang Yimin and Xu Wenya due to the internal staff turnover of the accounting firm.		
Describe that the appointer or accountant terminates or refuses to accept the appointment	Party / Situation	Accountant	Appointer
	Active termination of appointment	N/A	
	No longer accept (continue) appointment	N/A	
Opinions and reasons for issuing audit reports other than unqualified opinions in the latest two years	None		
Whether the issuer has any disagreement	Yes	Accounting principles or practices	
		Disclosure of financial reports	
		Check the scope or steps	
		Other	
	None	V	
	Description		
Other disclosure matters (which should be disclosed from item 1-4 to item 1-7 of paragraph 6 of Article 10 of these Standards)	None		

(2) About the succession of accountants

Name of Accounting Firm	Deloitte & Touche
Name of Accountant	Accountant Huang Yiming and Xu Wenya
Date of Appointment	Passed by the board of directors on March 30, 2020
Before the appointment, see the consultation items and results on the reasonable method or original rules of the settlement of the special transaction and the intention of signing and issuing the financial report	None
Written opinions of successive accountants on different opinions of previous accountants	None

(3) The reply of the former accountant to the matters in Item 1 and Item 2-3 of Paragraph 6 of

Article 10 of these Standards: None.

6. Chairman. G.M and Financial Manager has held any position at the accounting firm or at an affiliated enterprise of such accounting firm in the most recent year: None.

7. Changes in the equity and pledge of directors, supervisors, managers and major shareholders with a shareholding ratio of more than 10%

(1). Changes in equity of directors, supervisors, managers and major shareholders

Unit: Share

Title	Name	2021		The current year ended on March 29, 2021	
		Increase (decrease) number of shareholding	Increase (decrease) number of pledged shares	Increase (decrease) number of shareholding	Increase (decrease) number of pledged shares
Chairman concurrently serves as general manager	Alex Kuo	—	—	—	—
Director	Daniel Kuo	(30,000)	(355,000)	—	386,000
Director	Lisa Hsu	—	—	—	—
Director	C.L. Kuo	—	—	—	—
Independent Director	Bi-Xin Huang	—	—	—	—
Independent Director	Gen-Sen Chang-Hsieh	—	—	—	—
Independent Director	Ren Liu	—	—	—	—
CFO	Teresa Huang	—	—	(65,000)	—
CTO	Lin Liugong	—	—	—	—
Director of Marketing and Business	Jacky Chen	—	—	—	—
Director of Manufacturing	Sappho Chen	—	—	—	—
Audit Director	Yumei Tsai	(7,000)	—	(5,000)	—
Accounting Director	Serena Hung	—	—	(57,000)	—

(2) The relative person of equity transfers or equity pledge is the related person: none.

8. Information on the relationship between the top ten shareholders in terms of shareholding ratio

March 29, 2022

Name	Shareholding of self		Shareholding of spouses and minor children		Total shareholding in name of others		The title or names and relationships of the top ten shareholders who have related relationships with each other or are relatives within spouses or two parents	
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Name (Or name)	Relation
Alex Kuo	10,997,756	6.71%	1,099,194	0.67%	—	—	—	—
K Laser Technology Co. treasury stock account	6,000,000	3.66%	—	—	—	—	—	—
Taishin International Commercial Bank Trust Account	3,750,000	2.29%	—	—	—	—	—	—
Shi Guitang	3,473,196	2.12%	—	—	—	—	—	—
Jung Jianyi	2,706,000	1.65%						
Wang Kunlong	2,704,000	1.65%	—	—	—	—	—	—
Ho Mei Ling	2,690,259	1.64%	—	—	—	—	—	—
Qiu Yuying	2,065,000	1.26%	—	—	—	—	—	—
The Capital Group (Stock) Trusteeship Lukfook Securities (Hong Kong)	1,650,000	1.01%	—	—	—	—	—	—
Acemat Enterprise Co., Ltd.	1,500,000	0.92%						

9. Comprehensive shareholding ratio

Unit: Share/% March 29, 2022

Re-investment business (note)	The Company Investment (1)		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises (2)		Comprehensive Investment (1)+(2)	
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate
K Laser China Group Co., Ltd.	21,289,005	100%	—	—	21,289,005	100%
K Laser International Co., Ltd.	21,161,462	100%	—	—	21,161,462	100%
Optivision Technology Inc.	23,614,835	40.26%	545,023	0.93%	24,159,858	41.19%
iWin Technology Co., Ltd.	157,545	49%	163,975	51%	321,520	100%
Vicome Corp	3,021,420	30%	60,000	0.6%	3,081,420	30.6%
Insight Medical Solutions Co., Ltd	8,995,264	45%	245,000	1.2%	9,240,264	46.2%

Note: The long-term investment of the company using the equity method

4. Fund raising

1. Overview of capital and shares

（1） Source of equity

1. Source of equity

March 29, 2022

Unit: 1000 shares; NT $1000 (except issue price)

Date	Issue price (NT)	Authorized capital stock		Capital stock paid in		Notes			
		Number of shares	Amount of money	Number of shares	Amount of money	Source of equity		Pay off the share fund with property other than cash	Other
2017.03	10	200,000	2,000,000	133,883	1,338,825	CB to capital increase	14,160	-	ZSZ No.1060007841
2017.12	10	200,000	2,000,000	165,325	1,653,246	CB to capital increase	314,421	-	ZSZ No.1061000188
2018.12	10	200,000	2,000,000	159,325	1,593,246	Cancellation of treasury shares	60,000	-	ZSZ No.1070035038
2021.07	10	300,000	3,000,000	159,325	1,593,246	Increase authorized capital	0	-	ZSZ No.1100020084
2021.09	10	300,000	3,000,000	164,325	1,643,246	Restricted stock award	5,000	-	ZSZ No.1100026202
2022.03	10	300,000	3,000,000	161,374	1,613,744	Convert bond and write-off treasury stock	2,950	-	ZSZ No.1110006331

Unit: shares / March 29, 2022

Types of stock shares	Authorized capital stock					Notes
	Outstanding capital stock			Unissued shares	total	
	Listed (note)	Restricted listing	total			
Common stock	163,806,105	-	163,806,105	136,193,895	300,000,000	

Note: 1. Including 6,000,000 shares of treasury stock for employees who have not yet transferred

2. Including 2,431,679 shares converted from convertible bond which are yet registered

2. Summary of information about the declaration system: None.

（2） Shareholder structure

March 29, 2022

Shareholder structure / Quantity	Government organs	Financial institutions	Other legal entities	Foreign institutions and foreigners	Individuals	Total
Number of people	-	4	150	74	24,713	24,941
Number of shares held (shares)	-	4,818,868	9,301,828	17,108,291	132,577,118	163,806,105
Shareholding ratio	0.00%	2.94%	5.68%	10.44%	80.94%	100.00%

（3） Share dispersion (face value per share is 10 yuan)

March 29, 2022

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio %
1 to 999	14,642	529,207	0.32%
1,000 to 5,000	7,348	16,156,905	9.86%
5,001 to 10,000	1,389	11,384,439	6.95%
10,001 to 15,000	389	5,043,223	3.08%
15,001 to 20,000	315	5,999,782	3.66%
20,001 to 30,000	249	6,421,981	3.92%
30,001 to 40,000	131	4,803,381	2.93%
40,001 to 50,000	108	5,101,923	3.12%
50,001 to 100,000	176	12,990,800	7.93%
100,001 to 200,000	101	14,258,412	8.70%
200,001 to 400,000	43	12,883,559	7.87%
400,001 to 600,000	16	7,900,895	4.82%
600,001 to 800,000	9	6,316,576	3.86%
800,001 to 1,000,000	6	5,222,713	3.19%
More than 1,000,001 shares	19	48,792,309	29.79%
Total	24,941	163,806,105	100.00%

(4) List of major shareholders

March 29, 2022

Shares / Name of major shareholders	Number of shares held	Shareholding %
Alex Kuo	10,997,756	6.71%
K Laser Technology Co. treasury stock account	6,000,000	3.66%
Taishin International Commercial Bank Trust Account	3,750,000	2.29%
Shi Guitang	3,473,196	2.12%
Jung Jianyi	2,706,000	1.65%
Wang Kunlong	2,704,000	1.65%
Carol Ho	2,690,259	1.64%
Qiu Yuying	2,065,000	1.26%
The Capital Group (Stock) Trusteeship Lukfook Securities (Hong Kong)	1,650,000	1.01%
ACE MAT CO., LTD.	1,500,000	0.92%

(5)Market price per share, net worth, earnings, dividends and related information

Unit: New Taiwan Dollars (NT$)

Project \ Year			2020	2021	For the year ended March 31, 2022
Market price per share	Highest		20.30	26.50	26.35
	Lowest		11.25	16.00	22.40
	Average		15.79	21.01	24.00
Net value per share	Before distribution		16.83	17.85	—
	After distribution		15.88	16.09	—
Earnings per share	Weighted average number of shares (1000 shares)		150,947	150,243	—
	Earnings per share		0.96	2.42	—
Dividend per share (Note)	Cash dividends		0.96	2.42	—
	Stock grants	Earnings rationed shares	—	—	—
		Capital surplus allotment	—	—	—
	Accumulated unpaid dividends		—	—	—
Return on investment analysis	Principal-to-Earnings Ratio		16.45	8.68	—
	Principal-to-Profit ratio		16.45	8.68	—
	Cash dividend yield rate		6.08%	11.52%	—

Note: The distribution of surplus in 2021 was resolved by the board of directors and has not been submitted to the shareholders' meeting.

（6） Dividend policy and implementation of the company

1. Dividend policy

In addition, special reserve is provided for in accordance with the Company's operating requirements and laws and regulations. If there is any surplus and undistributed surplus at the beginning of the period, the Board of Directors shall prepare a proposal for distribution of surplus to the shareholders for resolution.

The Company's dividend policy is based on the Company Law and the Company's Articles of Incorporation, and is determined in accordance with the Company's capital and financial structure, operating conditions, earnings, and the characteristics and cycles of the industries to which the Company belongs, and is distributed on the principle of conservatism to promote the Company's sustainable business development. Distributions of distributable earnings shall be in the form of cash dividends, depending on future capital expenditures and working capital planning, and stock dividends may also be distributed, provided that the percentage of stock dividends distributed shall not exceed 50% of the total dividends. The aforementioned conditions, timing, amount and type of retained earnings and distributable dividends may be adjusted at the appropriate time in response to changes in the economic and industrial climate and taking into account the

Company's future development needs and profitability, provided that the target of cash dividend shall not be less than 10% of the distributable earnings of the current year.

2. Proposed Dividend Distribution at the Shareholders' Meeting

In the 2nd quarter of 2021, the board of directors resolved that the cash dividends distributed to shareholders amounted to NT$ 81,124 thousand, that is, NT$ 0.54 per share, and have been distributed on September 28, 2021. In the 4th quarter, the board of directors resolved that the cash dividends distributed to shareholders amounted to NT$ 182,115 thousand, that is, NT$ 1.2 per share.

(7) The effect of the stock grants on the Company's operating performance and earnings per share: Not applicable.

（8） Remuneration of employees, directors and supervisors

1. The independent directors of the Company shall receive fixed compensation, and the other directors shall be paid for their attendance at each meeting of the Board of Directors, and in accordance with Article 32 of the Company's Articles of Incorporation, the Company shall set aside not more than 2% of the Company's annual profit before taxation as remuneration to the directors before the distribution of remuneration to employees and directors.

According to Article 32 of the articles of association of the company, if the company makes any profit in the year, 4% ~ 8% of the pre-tax profit before deducting the remuneration of the employees and directors shall be allocated as the remuneration of the employees. The manager's remuneration includes salary and bonus, in which the salary refers to the level of the industry and items such as title, rank, academic experience, professional ability and responsibilities, etc. The bonus is based on the company annual performance, financial status, operating status and personal performance, along with the evaluation of the manager's performance, which includes financial indicators (e.g. revenue and net income achieve rate before tax) and non-financial indicators (e.g. work performance, quality of work, attitude to work, leadership, communication and coordination, teamwork, and significant deficiencies in compliance with laws and regulations and operational risks of the department under their supervision), and is approved by the chairman of the board of directors according to the performance evaluation results and the allocation principles recommended by the Salary and Compensation Committee.

The remuneration of the directors and managers of the company shall be determined by the board of directors and submitted to the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate the remuneration of employees and directors in accordance with the preceding paragraph.

2. The basis for estimating the amount of employee and director compensation, the basis for calculating the number of shares of employee compensation distributed in stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount：

According to the regulations of the articles of association of the company and with reference to the actual remuneration paid in the past, the company estimates the amount of remuneration that may be paid to employees and directors. If there is any difference between the actual amount paid in and the estimated amount, it shall be treated according to the change of accounting estimation and listed as the profit and loss of the next year.

3. Remuneration approved by the board of directors for the year of 2020:

According to the resolution of the board of directors of the company on March 24, 2022, the company passed the following:

Unit: NT$1000

Project \ Amount of money	Cash Amount	Stock Amount	Differences from annual estimates of recognized expenses, reasons and treatment	The amount of employee compensation distributed in stock and its proportion to the total amount of net income after tax and total employee compensation in the individual financial reports for the period
Employees' Compensation	23,840	0	None	Not applicable
Directors' Compensation	5,960	0	None	

4. The actual distribution of employees', directors' and supervisors' remuneration in the previous year and the difference between the amount of employee, director's and supervisor's remuneration and the amount of the difference, the reasons for the difference and the treatment of the difference should be stated.

   The employees', directors' and supervisors' remuneration in 2020 are NT$13,370 thousand and NT$3,342 thousand, same as the actual distribution amount.

(9) Buy-back of the Company's shares by the Company (if executed)

March 29, 2022

Number of Buyback	26th	27th	28th
Purpose of Buyback	Transfer of shares to employees	Transfer of shares to employees	Maintain corporate credit and shareholders' rights
Buyback Period	2018/11/12~2019/01/11	2020/03/16--2020/05/15	2021/11/11--2022/01/10
Buyback Interval Price	8.65~18.78yuan	9.10~24.31yuan	14.32~30.30yuan
Type and number of shares buyback	6,000 thousand shares of common stock	6,000 thousand shares of common stock	1,500 thousand shares of common stock
Amount of shares buyback	79,419thousand Yuan	77,891thousand Yuan	35,829thousand Yuan
Number of shares buyback as a percentage of the number to be buyback (%)	100%	100%	100%
Number of shares cancelled and transferred	6,000 thousand shares of common stock	-	1,500 thousand shares of common stock
Cumulative number of shares held by the Company	-	6,000 thousand shares of common stock	-
Ratio of the cumulative number of shares held to the total number of shares issued (%)	-	3.66%	-

2. Issuance of corporate bonds

（1） Issuance of corporate bonds

March 29, 2022

Type of corporate debt(Note 2)		The sixth domestic secured conversion of corporate bond
Issue (processing) date		March 24, 2021
Denomination		NT$100,000
Issuance price		Each face value is NT$100,000.
Total amount		Issued at 101% of the face value
Interest Rate		NT$600 million
Term		0%
Guarantee agency		Five-year maturity date: 2026/03/24
Trustee		Taichung Commercial Bank Co.
Underwriter		KGI Commercial Bank Co.
Certified Lawyer		-
Certified Public Accountant		-
Repayment Method		Except for the conversion of the convertible bonds into common shares in accordance with Article 10 herein or the exercise of the right of sell-back in accordance with Article 19 herein, and the early redemption by the Company in accordance with Article 18 herein, the principal shall be repaid in cash at maturity at the face value of the bonds.
Outstanding principal		NT $600000
Terms of Redemption or Early Settlement		1.If the closing price of the Company's common stock on the Taiwan Stock Exchange for 30 consecutive business days exceeds the conversion price of the bonds by more than 30% (inclusive) from the day after the first month from the date of issuance to the 40th day before the expiration of the issuance period, the Company may redeem the bonds from the bondholders in cash at the face value of the bonds. 2.If the outstanding balance of the conversion bonds is less than 10% of the total amount of the bonds issued from the day after the first month of the issuance of the bonds to the 40th day before the expiration of the issuance period, the Company may redeem the conversion bonds of the bondholders in cash at the face value of the bonds.
Restrictions		-
Name of credit rating agency, rating date, and rating result of corporate bonds		-
Additional rights	Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the date of publication of the annual report	None

	Method of issuance and conversion (exchange or subscription)	Refer to the issue and conversion method
The possible dilution of equity and the impact on the existing shareholders' equity by the issuance and conversion, exchange or subscription methods and issuance conditions		Compared with the allocation of funds required, the issuance of domestic convertible bonds as a source of financing will effectively reduce and delay the degree of equity dilution. In addition, after the conversion of convertible bonds by investors, in addition to reducing liabilities, it will also increase shareholders' equity, thereby increasing the net value of each share. Therefore, in the long run, the existing shareholders' equity can be more guaranteed.
Name of the entrusted depository of the subject matter of exchange		-

(2) Information on Convertible Bonds:

March 31, 2022

Type of corporate debt		The sixth domestic secured conversion of corporate bond	
Project \ Year		2021	For the year ended March 31, 2022
Market value of convertible bonds	Highest	145.00	143.00
	Lowest	111.10	126.05
	Average	124.74	131.81
Conversion price		19.8;18.3	18.3
Issuance (processing) date and conversion price at the time of issue		Issued on March 24, 2021 Conversion price at the time of issue: NTD 19.8	
Method of fulfilling conversion obligations		Issuance of new shares	

（3） Exchange of corporate bond information: None

（4） Summary of the declaration and issuance of corporate bonds: None

（5） Corporate bonds with warrants: None

3. Preferred Shares

（1） Preferred shares: None

（2） Preferred shares with warrants: None

4. Overseas Depository Certificate: None

5. Issuance of Employee Stock Option Plan: None

6. Issuance of Employee Restricted Stock:

(1) Status of Employee Restricted Stock

Type of Employee Restricted Stock	First Employee Restricted Stock Awards
Date of Effective Registration	July 28, 2021
Issue Date	September 1, 2021
Number of Employee Restricted Stock Issued	5,000,000 shares
Issued Price	None
Employee Restricted Stock as a Percentage of Shares Issued	3.05%
Vesting conditions of Employee Restricted Stock	Awarded employees are deemed to have satisfied the vesting conditions after they have accomplished the business objectives established by the company and have been working for the company for a specified period (in which they have not violated the employment contract, code of conduct for employees, trust deed, corporate governance best practice principles, ethical corporate management principles, working rules or non-competition and non-disclosure principles provided by the company or any contract made with the company) after obtaining the restricted stock awards. Business Objectives: The year 2020 is taken as the baseline year, and each objective is calculated based on the operating revenue from holographic laser products of each of the entities included in the consolidated financial statements of the Group. (1) Operating revenue for the first year: Operating revenue increases by 110% or more compared with that for the baseline year. (2)Operating revenue for the second year: Operating revenue increases by 127% or more compared with that for the baseline year. (3)Operating revenue for the third year: Operating revenue increases by 147% or more compared with that for the baseline year. (4)Operating revenue for the fourth year: Operating revenue increases by 172% or more compared with that for the baseline year. (5)Operating revenue for the fifth year: Operating revenue increases by 200% or more compared with that for the baseline year. The required employment period after grant of awards and the percentage of vested awards for each year: (1) Employees accomplishing the business objective for the first year and having worked for the company for one year after being granted the awards: 15% to be vested. (2) Employees accomplishing the business objective for the second year and having worked for the company for two years after being granted the awards: 15% to be vested. (3) Employees accomplishing the business objective for the third year and having worked for the company for three years after being granted the awards: 20% to be vested. (4) Employees accomplishing the business objective for the fourth year and having worked for the company for four years after being granted the awards: 20% to be vested. (5) Employees accomplishing the business objective for the fifth year and having worked for the company for five years after being granted the awards: 30% to be vested or 100% to be vested accumulatively (Note). Note: If the vesting conditions are not satisfied during any time of period between the first year and the fourth year, the restricted stock awards for the concerned year(s) will not be taken back by the company and shall be held in a trust continuously. When employees accomplish the business objective for the fifth year and have worked for five years after being granted the awards, the employees may receive the restricted stock awards for the first year up to the fourth year retrospectively.
Restricted Rights of Employee Restricted Stock	(1) The employee shall not sell, pledge, transfer, give to others, set up, or divide the new shares that restrict the employee's rights in other ways, except for inheritance, before the vesting conditions are reached after being allocated with new shares. (2) The rights of attending, proposing, speaking, voting and election rights of the shareholders' meeting are the same as those of the issued common shares of the

	Company, and shall be implemented in accordance with the trust custody contract. (3) Before accomplishing the vesting conditions, the employees to whom the restricted stock awards have been granted do not have the right to obtain distributed earnings (including but not limited to dividends, dividends, legal reserve and the right to obtain allocated capital reserve) and the right to obtain stock options upon cash capital increase. (4) If capital is returned in cash due to capital reduction of the company before the employees to whom the restricted stock awards have been granted accomplish the vesting conditions, the capital reduction refund that has not been vested due to the allocation shall be delivered to the trust, and when the vesting conditions and deadlines are reached, it shall be delivered to the employees without interest together with the vested shares; however, when the expiry date fails to meet the acquired conditions, the Company will recover the cash. (5) The transfer stop date of the company's free share allotment, cash dividend, cash capital increase and subscription, the transfer stop period of shareholders' meeting as stipulated in Paragraph 3, Article 165 of the Company Law, or other legal transfer stop period occurring according to the facts until the base date of rights distribution. For employees who meet the vested conditions during this period, the time and procedures for lifting the restrictions on their vested shares shall be implemented in accordance with the trust custody contract or relevant laws and regulations.
Custody Status of Employee Restricted Stock	(1) After the issuance of new shares that restrict employees' rights, stock trust custody shall be handled. And before the vesting conditions are fulfilled, the employee shall not request the trustee to return the new shares that restrict the employee's rights for any reason or manner. (2) During the period when the new shares with restricted employees' rights are delivered to the trust custody, the Company or the person designated by the Company shall have full authority to negotiate, sign, revise, extend, dissolve and terminate the trust custody contract with the stock trust custody institution, and give instructions on the delivery, use and disposition of the trust custody property.
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	(1) If an employee fails to meet the personal performance evaluation index and the company's operation target after being allocated with new shares restricting employees' rights, if he/she is absent from work on a vested day, violates the circumstances listed in Paragraph 1, Item 3, Article 3, etc., he/she will return the new shares restricting employees' rights without compensation and cancel them. (2) During the vested period, if an employee voluntarily leaves his position, dismisses or is laid off, the Company will take back the shares he/she has not vested without compensation and cancel them.
Number of Employee Restricted Stock Which Have Been Reclaimed	0 share
Number of Released Employee Restricted Stock	0 share
Number of Unreleased Employee Restricted Stock	0 share
Ratio of Unreleased Employee Restricted Stock to Total Issued Shares	0%
Impact on Shareholders' Interest	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

(2) Employee Restricted Stock Granted to Management Team and to Top 10 Employees

March 29, 2022

	Title	Name	No. of Employee Restricted Stock Granted	Employee Restricted Stock as a Percentage of Shared Issued	Restrictions Released				Restrictions Unreleased			
					No. of Shares	Issued Price (NT$)	Issued Amount (NT$ thousands)	Released Shares as a Percentage of Shares Issued	No. of Shares	Issued Price (NT$)	Issued Amount (NT$ thousands)	Released Shares as a Percentage of Shares Issued
Management team	CEO and General Manager of Group	Alex Kuo	1,850,000	1.15%	0	0	0	-	1,850,000	0	0	1.15%
	CFO	Teresa Huang										
	CTO	Lin Liugong										
	Audit Director	Yumei Tsai										
	Accounting Director	Serena Hung										
	Director of Marketing and Business	Jacky Chen										
	Director of Manufacturing	Sappho Chen										

	Title	Name	No. of Employee Restricted Stock Granted	Employee Restricted Stock as a Percentage of Shared Issued	Restrictions Released				Restrictions Unreleased			
					No. of Shares	Issued Price (NT$)	Issued Amount (NT$ thousands)	Released Shares as a Percentage of Shares Issued	No. of Shares	Issued Price (NT$)	Issued Amount (NT$ thousands)	Released Shares as a Percentage of Shares Issued
Employee	Vice President of K Laser Technology (Wuxi) Co., Ltd.	Lai Jiunlung	3,150,000	1.95%	0	0	0	-	3,150,000	0	0	-
	Vice President of K Laser Technology (Dongguan) Co., Ltd.	Ye Jianting										
	Factory Manager of K Laser Technology (Dongguan) Co., Ltd.	Liou Guolung										
	Vice President of Herui Laser Technology Co., Ltd.	Wu Jiunde										
	General Manager of K Laser Technology (Thailand) Co., Ltd.	Fu Shitai										
	General Manager of K Laser Technology (USA) Co., Ltd.	Chen Jenshian										
	General Manager of K Laser Technology Japan Co., Ltd.	Shiro Murata										
	General Manager of K Laser Technology (H.K.) Co., Ltd.	CHAN WING SHAN										
	Cold Foil Business Unit GM of K LASER TECHNOLOGY (USA) CO., LTD.	J. Michael Rivera										
	General Manager of Amagic Technologies U.S.A. (Dubai) Ltd.	JOSEPH HABCHI										

7. **Status of New Share Issuance in Connection with Mergers and Acquisitions: None**

8. **Implementation of fund utilization: None**

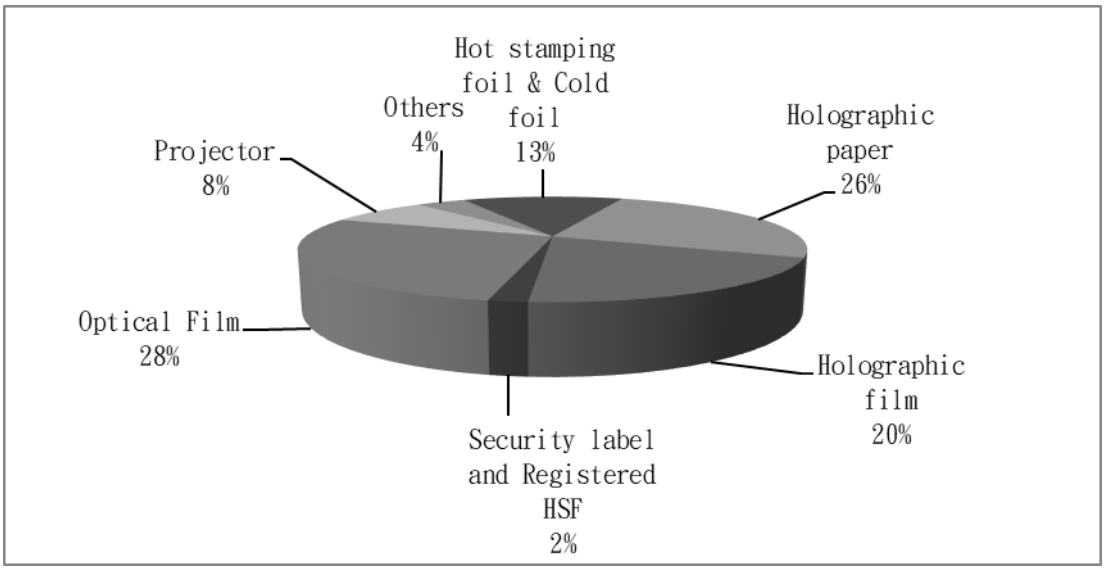
Operational Highlights

1. Business Activities

1.1 Business Scope

1.1-1 Operation Items：The company engages in the research and development, production and sales of holographic products. The major holographic products are holographic film, hot stamping foil, cold foil, holographic paper, security label, optical films and etc.

1.1-2 Major Products and Sales Percentage：



1.1-3 Current products:

A. Holographic PET,PVC,OPP film

B. Holographic paper

C. Holographic Transfer Film

D. Holographic Security Label

E. Hot Stamping Foil

F. Register Hot Stamping Foil

G. Cold Foil

H. UV Fresnel Lens

I . Optical Film

J. Projector

1.1-4 New products in plan：

A. Relief and lens customized transfer paper

B. New Cold Foil

C. Holographic PET products made from recycled raw materials

1.2. Industry Overview

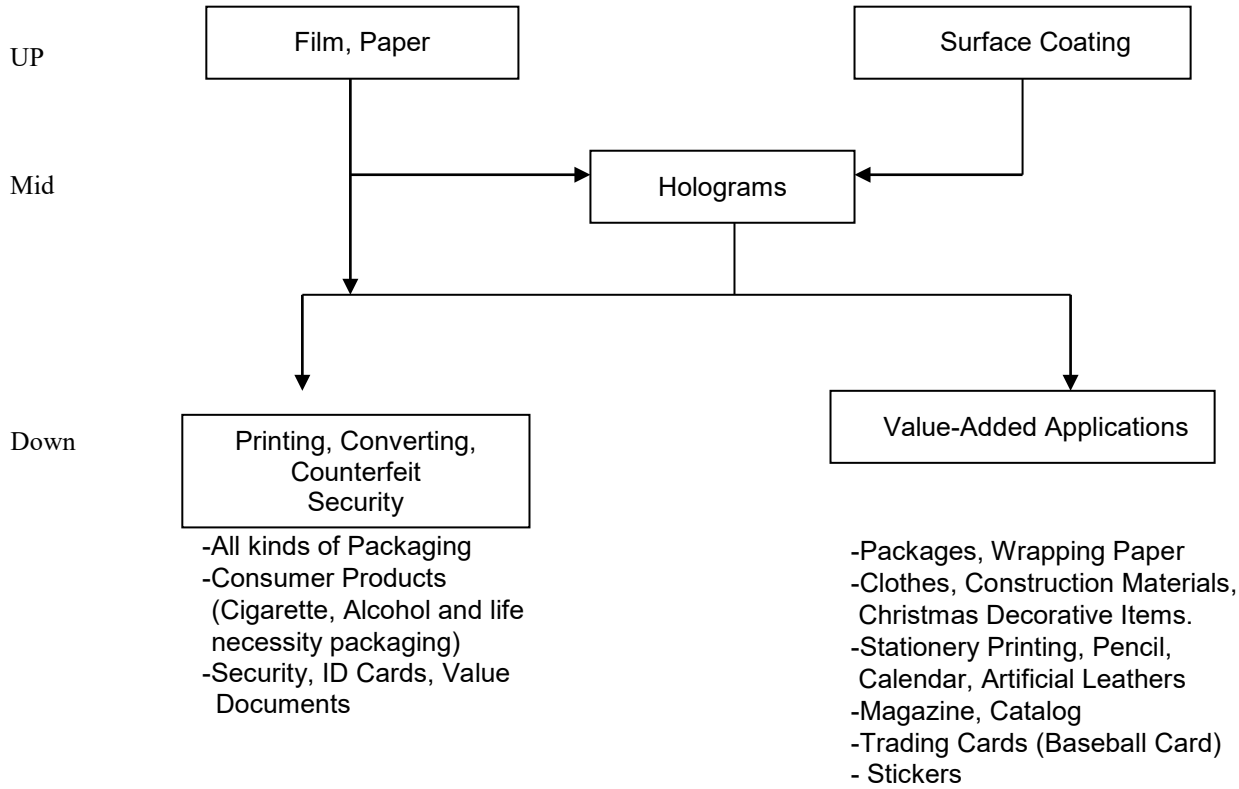
1.2-1 Present Industry Situation and Development Plan

Current Status: Cigarette packaging remains the world's largest market using holographic film, followed by toothpaste box and home & personal care packaging market. These two markets are still considered stable but the rest of the market might fluctuate based on the market

economy situation. In order to maintain the market share, we will approach brand owner and provide them with total packaging design concept and solution.The demand for these two products has increased significantly, because the EU policy to restrict plastic packaging.

Development: Because of environmental protection, Transfer film, transfer paper and Cold foil will be the focus development of the industry in the future. With the successful development of the wide format process, various products are in stable mass production and performance growth will be in the US market. In addition, the new application is in the industrial printers market for advertising market.

1.2-2 The Relationship Between Up-, Mid-, and Down-Stream Supply Chain Services



PET, OPP, PVC films and paper are the most common carriers of holograms. We have secured steady supplies of films from NanYa Plastics and Shinkong Synthetic Fibers Corporation, and papers from Yuen Foong Co., Ltd etc. The raw materials may affect the quality of hologram embossing. On the other hand, customers' requirements for material strength and temperature resistance as well as production speed are also crucial. In many cases, we have developed very close partnerships with customers and produced highly anti-counterfeiting and value-added packages.

Vertical integration will be a trend in the industry. Some hologram manufacturers begin investing in coating business to produce the materials for hologram embossing. At the same time, film suppliers are also developing materials that can be used for hologram embossing without coating. Some converters have also purchased embossing machines to produce holographic materials themselves.

1.2-3 Product Development Trends & Competition

1. Development trends:
   A. Transfer film, Transfer paper and Cold foil will be the products that are mainly demanded by the market in the future
   B. 1,000mm and above holographic film will be the mainstream product for group sales revenue.

C. Tru- seamless(TSL) rainbow film has been sold in the global market, and the sales in the United States, Europe and South Korea will continue to grow in the future

D. Customized holographic and lens register printing products will gradually become popular in the global market.

2. Competitive scenario:

A. Major international competitors for transfer film are from India. K Laser keeps improving the product competitiveness in order to widen the gap with the competitors,

B. Chinese and Indian competitors have the low-cost advantages, whereas, K Laser has the true seamless and brighter holographic advantages.

C. True seamless UV Fresnel lens is the exclusive product in market, and it will continue to be the main promoted products.

D. The competitors of Customized holographic and lens register printing products are from China, we need to continue to improve the ability to create new hologram effects.

1.3 Technology and R&D Highlights

1.3-1 R&D Expenditures of K Laser

Unit：NT$ Thousands

Year	2020	2021
R&D Expenditures	254,895	261,625

1.3-2 R&D Achievements and Plans for the Future

According to the market request, the Company develops high value-add product with aesthetic and high security features to achieve technology innovation, quality improvement and wide range of product application. The Company also integrates and develops the upstream and downstream process technology, and improves resolution and design ability.

The technique Road-Map, R&D release following new Tech. and new Product in this year:

A. Origination Technology:

(a) 1 Meter seamless rainbow origination technology (b) Plug-in color relief origination technology

B. New Product:

(a) True Seamless products (b) UV emboss related products (c) Velvet film

(d) Scratch resistant OPP film (e) Kold foil for offset printing press (f) AI secure holographic film

C. Equipment Development:

(a) 1 Meter seamless optical production machine (b) 1 Meter drum electroforming machine

(c) 1.5 Meters Film to Film Embossing machine

R&D Strategy:

A. Combine supplies' and customer's technology, develop more value and more tamper function products.

B. Developing Seamless holographic origination technology and production process.

C. Developing high precision coating technology, recipe and process, to promote products' application and control products' quality efficiently.

D. Developing the optical effect origination for the electric products application.

E. Developing UV embossing process combine deep grating and holographic effects.

F. Developing aesthetic and high security technique to improve R&D ability.

G. Developing Lens effect film and foil for new application.

H. Developing wide-web holographic film to improve products' competitiveness.

1.4. Long and Short Term Business Plan

1.4-1 Long Term Business Plan

The Company has established International Business Unit to integrate the Group resources and to plan for global sales and marketing activities. Business Unit will responsible for the centralized product planning and global sales & marketing strategies in order to expand the global business and to reduce the China market dependence. The focus of future market development will be the Southeast Asian market and the Middle East, India and Africa market.

1.4-2 Short Term Business Plan

A. Taiwan Market: Marketing strategy persists to cooperation with brand and designing company; and developing opportunity for specific security label market. Maintain service existing client. Development commercial and industrial printers market.

B. China Market: To maintain and service the current cigarette packaging customers. Set up a new sales team to develop the FMCG market and Cold foil market.

C. Asia Market: Dispatch experienced marketing personnel to Vietnam and Indonesia to learn about the needs of the local market and set up a warehouse in the local area.

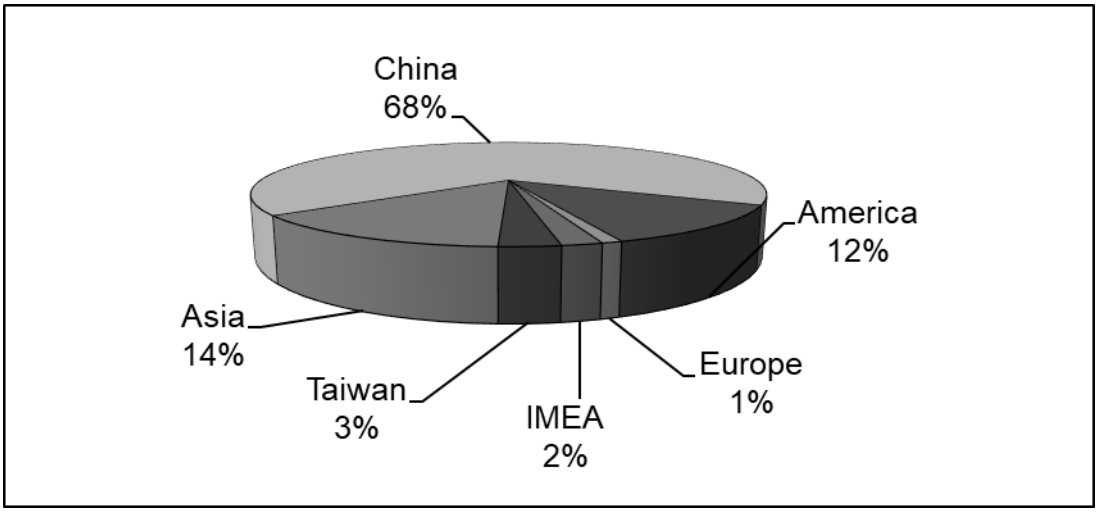
D. US Market: To secure the cold foil and PET business in North America. Actively promote the Holographic and Lens registered Eco paper board, and continue to develop the cold foil market in South America.

E. Europe Market: It is a matured PET laminating market and the focus will be to actively promote transfer film and cold foil. .

2. Marketing and Sales Conditions

2.1 Market Analysis

2.1-1 Major Sales Regions：



2.1-2 Future Market Supply, Demand and Growth Potential

1. Global hologram market and industry overview

Currently, China is the biggest market in Holographic industry in term of sales volume, and followed by America, Europe and Asia (excluding China). With the awareness of environmental protection and EU new packaging regulation to be imposed on 2025, the demand for transfer film is expected to grow yearly. K laser produces competitive transfer film and this will help in the sales growth. Wide holographic materials (greater than 1,000mm wide) will be the sales growth point of the US market.

2. Mainland China market

In China, holographic material is mainly used on cigarette and liqueur packaging. In order to

diversify risks and improve performance development, daily chemical brand customers will become the focus of future development, adopting the technical advantages of K Laser's holographic development and composition, actively develop the special register printing market.

2.1-3 Factors Relating to Future Development of KLT

1. Favorable Factors (Competitive Niche)

A. With the rising of environmental concern, the demand of transfer film and transfer board kept increasing. K Laser is competitive in term of quality and pricing.

B. The development of 1.5m wide rainbow film will help to reduce the production cost and to create new market application

C. Through group integration, the company adapts centralized/batch production strategy to reduce the production cost and keep from market penetration without cutting margin.

D. With the installation of new origination machine in 2019, K Laser can support customers with total printing and packaging solutions in shorter lead time.

E. The newly established Commercial Design department continues to launch eye-catching printing samples. It also helps to develop customers from the packaging design company.

2. Threaten and Adaptive Strategy

A. The demand for cigarette and alcohol has dropped, this caused the shrinkage of the market.

Response strategy: to develop home & personal care packaging and label printing customers.

B. Holographic effect has long been in the market, consumers have lost interest on the design visual effect.

Response strategy: Introducing new holographic effect product into market by using new optical holographic equipment. Actively promoting UV Fresnel lens to the market

C. Price War- Made in India

Response strategy: The Company has taken a number of steps by developing substitute materials, increasing product efficiency, and focusing on the new seamless processes to get rid of the threat of competitors.

D. Continued rise in material costs and unstable global transportation caused by epidemic. (Covid-19)

Response strategy: Develop new alternative materials and improve production efficiency. Set up new warehouses and increase reasonable inventory.

2.2 Major Applications of Products & Product Manufacturing Process

2.2-1 Applications of Major Processes

A. Hot Stamping Foil target market

- Cigarette Packaging market • Stationary market
- Wine Label market • Greeting card market
- Paper box market • ID Card market • Toy market
- Cosmetic market

B. Cold Foil target market:

- Label market • Wine Label market • Beverage market
- Soft tube market • Security market

C. PET film target market

- Decoration market • Glitter market • Yarn market
- Security label market • Tape market
- Artificial leather market • Demetalized market
- Paper box market • Printing market

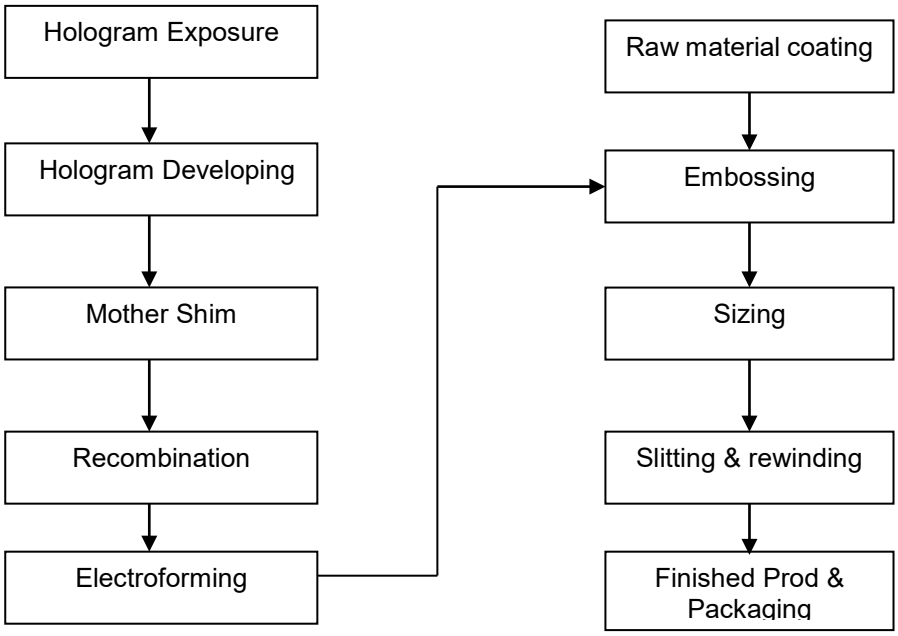
D. OPP film target market

• Shopping bag market • Paper box market
• OPP lamination market • Festival couplets market
• Tape market • Printing market • Demetalized market

E. PVC film target market
• Christmas market •Sticker market • Ribbon market
• Festival couplets market
• Sequin market • Printing market • Credit Card market

F. Holographic paper target market
• Packaging market • Paper folding box market • Greeting card market • Sticker market
• Wine label market • Magazine market • Stationery market • Paper bag market.

2.2-2 Product Manufacturing Process (Hot Stamping Foil)



2.3 Major Raw Material & Status

In recent years, the company's major suppliers are, NAN YA Plastics (base film), and SEKISUI , Fanyi (stock) company (optoelectronics), with no major changes. The above suppliers have stable material quality, reasonable prices and on time delivery.

2.4 Major Customers and Suppliers Who Had Made Up Exceeding 10%

2.4-1 Major Suppliers：None of major suppliers who made up exceeding 10%.

2.4-2 Major Customer：Made up exceeding 10%.

Unit：NT$ Thousands

Customer	2020		2021	
	Amount	%	Amount	%
Dongguan light chi photoelectric co., LTD	1,205,671	22.17%	830,821	13.52%

2.5 Production Quantity / Value

Unit：NT$ Thousands /KM^2

Year / Production / Product	2020			2021		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Holographic Film(included Security label)	345,494	216,128	967,574	351,135	263,695	1,157,829
Holographic Paper	175,720	88,648	1,011,304	175,720	95,773	1,126,681
Optical Film	32,400	22,261	1,503,214	34,560	24,866	1,465,328
Others	-	-	26,787	-	-	28,620
Total	553,614	327,036	3,508,879	561,415	384,334	3,778,458

2.6 Sales Quantity / Value

Unit：NT$ Thousands /KM^2

Year / Sales / Product	2020				2021			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Holographic Film	4,256	47,435	199,708	1,560,201	4,701	45,971	227,566	1,775,763
Holographic Paper	1	115	97,603	1,461,704	0	0	111,628	991,448
Optical Film	972	96,459	20,704	1,724,125	1,310	93,524	22,173	1,637,058
Security label	3,797	73,607	134	26,934	3,805	70,957	323	31,306
Projector/ Projector Accessories	93	35,285	23	248,778	5	42,406	35	427,162
Others	847	5,887	6,246	158,700	667	5,897	7,157	1,024,799
Total	9,966	258,788	324,418	5,180,442	10,487	258,755	368,881	5,887,535

3. Employee Analysis

Employee Analysis from 2020 to Mar. 31, 2022

Year		2020	2021	Mar. 31, 2022
Number of Employees	Administrators	136	158	157
	Sales	119	128	128
	Technicians	96	114	122
	Direct Engineers	484	629	582
	Indirect Engineers	263	285	288
	Total	1,098	1,314	1,277
Average Age		37.89	38.05	38.65
Average Years of Employment		7.21	7.67	8.14
Level of Education (%)	Ph.D.	0.3	0.2	0.2
	Masters Degree	8	6	6
	Bachelors/ Associate Degree	39	39	40
	Senior High School	33	28	28
	Under	20	26	26

4. Environmental protection expenditure information

4.1 The total amount of losses (including compensation) and punishments caused by environmental pollution in the past two years, and the future countermeasures (including improvement measures) and possible expenditures: none.

4.2 The company's relevant information in response to the EU environment-protecting directive (RoHS) is as follows:

The company's products are not involved in the EU environment-protecting directive (RoHS) related specifications.

5. Labor Relations

5.1 The Company's employee welfare measures, further education and training, retirement system, and the agreement between labor relations:

Employee welfare measures:

The Company's employee welfare measures are handled in accordance with the Labor Standards Law, Labor Insurance Regulations, Employee Welfare Regulations and related laws and regulations. All employees are covered by labor insurance and national health insurance, and benefits for maternity, injury, medical treatment, disability, old age, and death are handled in accordance with the regulations. Our company also has regular health checkups and education training for employees to enable them to work with full dedication.

The company has a staff canteen, cafeteria, fitness room, community center, reading room, rhythm classroom, billiard room and special parking lot, and other indoor and outdoor sports facilities, so that employees can have a place to relieve stress and rest after work.

In terms of employee welfare committee, in addition to providing various subsidies to employees for weddings, funerals, illnesses and childbirth, domestic tours, employee hiking activities, and special discount stores are held from time to time to regulate the physical and mental health of employees and strengthen their friendship.

Employee Retirement System:

In order to stabilize the retirement life of employees, the Company has established a retirement plan for formally employed employees. According to the plan, the payment of retirement benefits to employees is calculated based on the years of working for the Company and the average salary at the time of retirement, and the Company has set aside a monthly retirement fund at 2% of the total salary paid since 2007. The fund is managed by the Employees' Retirement Fund Administration Committee and deposited in the Bank of Taiwan in its name to protect labor rights and interests. Since July 1, 2005, the new government retirement system has been adopted in parallel. Employees who are suitable to apply the pension system under the "New Labor Pension Act" are required to contribute 6% of their monthly salaries to the personal pension account of the Bureau of Labor Insurance, and those who voluntarily contribute to the pension fund will have their monthly salaries deducted to the personal pension account of the Bureau of Labor Insurance on their behalf according to their own contribution rates.

The applicable regulations of the Company under the Labor Pension Act are as follows:

1. Self-retirement

   A worker may request for retirement under one of the following circumstances: (For those who are suitable to apply the Labor Pension Act, the same regulations shall apply)

(1) If the employee has worked for at least fifteen years and has reached the age of fifty-five.

(2) Those who have worked for more than 25 years.

(3) Those who have worked for at least ten years and have reached the age of sixty.

2. Compulsory Retirement

The Company shall not force an employee to retire unless he/she has one of the following circumstances.

(1) The employee has reached the age of sixty-five.

(2) The employee is mentally or physically incapacitated to perform the work.

The age specified in the first paragraph of the preceding paragraph may be adjusted by the Company for workers with special characteristics such as danger and strong physical strength, upon approval of the central competent authority. However, the age shall not be less than fifty-five years.

3. Criteria for granting pensions

(1) For the working years before and after the application of the Labor Standards Law, and for those who choose to continue to apply the pension provisions of the Labor Standards Law or to retain the working years before the application of the Labor Pension Act according to the Labor Pension Act, the pension benefits shall be calculated and paid in accordance with Article 84bis and Article 55 of the Labor Standards Law.

(2) If an employee with the seniority as mentioned in the preceding paragraph has been compulsorily retired in accordance with the provisions of Article 35, Paragraph 1, Clause 2, and his or her mental or physical disability is caused by the performance of his or her duties, an additional 20% shall be paid in accordance with the provisions of Article 55, Paragraph 1, Clause 2 of the Labor Standards Law.

(3) For employees subject to the pension provisions of the Labor Pension Act, the Company shall contribute 6% of their salaries to their individual pension accounts on a monthly basis.

4. Payment of Pensions

The Company shall pay the employee's pension within 30 days from the date of retirement.

Employee Stock Ownership Trust

In addition to the provisions of the Labor Standards Law and the Labor Pension Act, the Company has set up a special stock ownership trust committee, to which all employees within the Company's regular personnel establishment may apply for membership and decide the amount of monthly contributions to purchase shares of the Company in a fixed amount. In accordance with the Articles of Incorporation of the Employee Stock Ownership Committee, the Company will also set aside the corresponding public contribution as a reward for stock ownership.

The agreement between labor relations is always based on rational communication to maintain a harmonious relationship, and both labor and management can use the employee welfare committee to maintain a good labor-management relationship.

The subsidiaries have also complied with local laws and regulations.

5.2 For the most recent fiscal year and up to the date of publication of the annual report, the estimated amount of losses incurred due to labor disputes and the possible countermeasures at present and in the future: None.

6. Important Contracts

Nature of Agreement	Party	Start and End Date	Content	Restriction Clause
Medium and long term loan contract	Hua Nan Commercial Bank, Ltd.	2021.09~2023.09	The joint credit line is NT $500,000(thousand)	Plant as collateral
Medium and long term loan contract	KGI Bank	2020.12~2021.12	The credit line is NT $120,000(thousand)	None
Medium and long term loan contract	Taipei Fubon Bank	2021.05~2023.05	The credit line is NT $100,000(thousand)	None
Medium and long term loan contract	China Trust Bank	2020.08~2023.08	The credit line is NT $100,000(thousand)	None
Medium and long term loan contract	Risheng Bank	2021.11~2023.11	The credit line is NT $150,000(thousand)	None
Medium and long term loan contract	Yuanta Bank	2020.03~2022.03	The credit line is NT $100,000(thousand)	None
Medium and long term loan contract	Cathay United Bank	2021.10~2023.10	The credit line is NT $150,000(thousand)	None
Medium and long term loan contract	Mega International Commercial Bank	2021.11~2023.11	The credit line is NT $100,000(thousand)	None
Medium and long term loan contract	O-Bank	2021.10~2023.10	The credit line is NT $100,000(thousand)	None

6. Financial Overview

1. Condensed financial statements for the last five years

(1) Condensed Balance Sheet and Income Statement Information

Condensed Balance Sheet - Consolidated

Unit: NT $1000

Year / Project		Financial information for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		4,458,503	4,326,249	4,404,924	5,494,650	5,519,536
Property, plant and equipment		1,291,759	1,246,743	1,189,677	1,131,375	1,389,369
Intangible Assets		7,082	6,917	48,465	44,672	42,307
Other Assets		1,076,296	1,030,248	1,143,398	1,288,793	1,263,962
Total Assets		6,833,640	6,610,157	6,786,464	7,959,490	8,215,174
Current liabilities	Before distribution	2,035,167	2,223,575	2,142,290	2,525,096	2,414,408
	After distribution (Note 2)	2,126,629	2,285,618	2,142,290	2,669,316	2,596,523
Non-current liabilities		1,085,882	998,362	1,400,653	1,468,470	1,529,910
Total liabilities	Before distribution	3,121,049	3,221,937	3,542,943	3,993,566	3,944,318
	After distribution (Note 2)	3,212,511	3,283,980	3,542,943	4,137,786	4,126,433
Equity attributable to owners of parent company		2,908,024	2,686,816	2,401,089	2,541,150	2,681,320
Share capital		1,653,246	1,593,246	1,593,246	1,593,246	1,659,694
Capital surplus		548,370	529,962	551,531	585,347	709,559
Retained earnings	Before distribution	915,195	857,871	669,939	798,781	935,872
	After distribution (Note 2)	823,733	795,828	669,939	654,561	753,757
Other interests		(177,585)	(201,145)	(311,505)	(317,488)	(476,758)
Treasury stock		(31,202)	(93,118)	(102,122)	(118,736)	(147,047)
Non-controlling interests		804,567	701,404	842,432	1,424,774	1,589,536
Total equity	Before distribution	3,712,591	3,388,220	3,243,521	3,965,924	4,270,856
	After distribution	3,621,129	3,326,177	3,243,521	3,821,704	4,088,741

* Financial information using international financial reporting standards.
Note 1: The financial data of the last five years have been audited and certified by accountants.
Note 2: The latest earnings distribution has been proposed by the board of directors and has not yet been decided by the board of shareholders.

Condensed Balance Sheet - Consolidated

Unit: NT $1000

Year / Project	Financial information for the last five years (Note 1)				
	2017	2018	2019	2020	2021
Operating income	5,217,612	5,202,250	5,199,022	5,439,230	6,146,290
Gross operating profit	1,283,526	1,093,893	1,184,160	1,264,093	1,237,343
Operating profit and loss	412,743	172,849	31,018	228,722	216,438
Non-operating income and expenses	(137,828)	(85,850)	(146,410)	3,379	192,632
Net income before tax	274,915	86,999	(115,392)	232,101	409,070
Net profit for the current period from continuing operations	200,265	24,455	(158,709)	191,139	342,074
Loss from suspended units	-	-	-	-	-
Current net profit (loss)	200,265	24,455	(158,709)	191,139	342,074
Other comprehensive income (loss) for the current period (net of tax)	(80,752)	(78,242)	(117,997)	1,795	(104,489)
Total comprehensive income or loss for the current period	119,513	(53,787)	(276,706)	192,934	237,585
Net income attributable to owners of parent company	155,016	65,829	(119,835)	144,409	363,725
Net income attributable to non-controlling interests	45,249	(41,374)	(38,874)	46,730	(21,651)
Total comprehensive income or loss attributable to owners of the parent company	93,907	23,290	(234,732)	137,403	275,922
Total comprehensive income or loss attributable to non-controlling interests	25,606	(77,077)	(41,974)	55,531	(38,337)
Earnings per share (Note 2)	1.12	0.41	(0.79)	0.96	2.42

*Financial information in accordance with International Financial Reporting Standards.
Note 1: All financial information for the last five years have been audited and approved by the accountants.
Note 2: Earnings per share is calculated based on the weighted average number of shares retroactively.

Condensed balance sheet - individual

Unit: NT $1000

Project \ Year		Financial information for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		401,654	290,977	455,606	641,961	808,777
Property, plant and equipment		195,907	199,166	159,873	159,057	165,712
Intangible Assets		1,953	3,751	3,009	2,393	1,684
Other Assets		3,901,470	3,761,144	3,765,639	4,117,139	4,091,197
Total Assets		4,500,984	4,255,038	4,384,127	4,920,550	5,067,370
Current liabilities	Before distribution	511,136	578,918	576,699	1,040,972	951,911
	After distribution (Note 2)	602,598	640,961	576,699	1,185,192	1,134,026
Non-current liabilities		1,081,824	989,304	1,406,339	1,338,428	1,434,139
Total liabilities	Before distribution	1,592,960	1,568,222	1,983,038	2,379,400	2,386,050
	After distribution (Note 2)	1,684,422	1,630,265	1,983,038	2,523,620	2,568,165
Equity attributable to owners of parent company		2,908,024	2,686,816	2,401,089	2,541,150	2,681,320
Share capital		1,653,246	1,593,246	1,593,246	1,593,246	1,659,694
Capital surplus		548,370	529,962	551,531	585,347	709,559
Retained earnings	Before distribution	915,195	857,871	669,939	798,781	935,872
	After distribution (Note 2)	823,733	795,828	669,939	654,561	753,757
Other interests		(177,585)	(201,145)	(311,505)	(317,488)	(476,758)
Treasury stock		(31,202)	(93,118)	(102,122)	(118,736)	(147,047)
Total equity	Before distribution	2,908,024	2,686,816	2,401,089	2,541,150	2,681,320
	After distribution	2,816,562	2,624,773	2,401,089	2,396,930	2,499,205

* Financial information using international financial reporting standards.
Note 1: The financial data of the last five years have been audited and certified by accountants.
Note 2: The latest earnings distribution has been proposed by the board of directors and has not yet been decided by the board of shareholders.

Condensed balance sheet - individual

Unit: NT $1000

Year / Project	Financial information for the last five years (Note 1)				
	2017	2018	2019	2020	2021
Operating income	568,068	617,703	650,286	810,550	1,350,072
Gross operating profit	96,892	114,920	107,752	136,011	224,653
Operating profit and loss	(39,512)	(30,793)	(73,128)	(57,128)	69,562
Non-operating income and expenses	205,579	104,588	(44,661)	207,537	296,563
Net income before tax	166,067	73,795	(117,789)	150,409	366,125
Net profit for the current period from continuing operations	155,016	65,829	(119,835)	144,409	363,725
Loss from suspended units	-	-	-	-	-
Net profit (loss) for the current period	155,016	65,829	(119,835)	144,409	363,725
Other comprehensive income (loss) for the current period (net of tax)	(61,109)	(42,539)	(114,897)	(7,006)	(87,803)
Total comprehensive income or loss for the current period	93,907	23,290	(234,732)	137,403	275,922
Earnings per share (Note 2)	1.12	0.41	(0.79)	0.96	2.42

*Financial information in accordance with International Financial Reporting Standards.

Note 1: All financial information for the last five years have been audited and approved by the accountants.

Note 2: Earnings per share is calculated based on the weighted average number of shares retroactively.

（3） Name and audit opinion of certified public accountants in recent five years

☐Name and audit opinion of certified public accountants in the last five years

Year	Name of Certified Public Accountant	Comments
2017	Huang Yimin, Hong Guotian	Revision of formal unqualified opinion
2018	Huang Yimin, Hong Guotian	Revision of formal unqualified opinion
2019	Hsu Wenya, Huang Yimin	Revision of formal unqualified opinion
2020	Huang Yimin, Hsu Wenya	Revision of formal unqualified opinion
2021	Huang Yimin, Hsu Wenya	Revision of formal unqualified opinion

2、 Financial analysis of the last five years

（1） Financial analysis

Financial analysis - Consolidation

Analysis items (Note 2) \ Year (Note 1)		Financial analysis of the last five years				
		2017	2018	2019	2020	2021
Financial Structure	Debt to assets ratio (%)	45.67	48.74	52.21	50.17	48.01
	Proportion of long term funds in real estate, plant and equipment (%)	371.47	351.84	390.37	480.34	417.51
Solvency	Current ratio (%)	219.07	194.56	205.62	217.60	228.61
	Quick ratio (%)	172.62	146.89	159.80	175.63	166.92
	Interest coverage ratio	7.38	3.60	-1.84	7.02	13.91
Operating Capacity	Receivables turnover ratio (times)	2.82	3.05	3.22	3.57	3.90
	Average cash collection days	129.30	119.67	113.35	102.24	93.59
	Inventory turnover ratio (times)	4.49	4.45	4.24	4.38	4.09
	Turnover rate of accounts payable (times)	5.52	5.73	5.71	5.73	5.71
	Average days of sales	81.28	82.02	86.08	83.33	89.24
	Property, plant and equipment turnover rate (times)	3.97	4.10	4.27	4.69	4.88
	Total assets turnover rate (times)	0.75	0.77	0.78	0.74	0.76
Profitability	Return on assets (%)	3.41	3.60	-1.88	3.01	4.54
	Return rate of owner's equity attributable to parent company (%)	5.76	2.35	-4.71	5.84	13.93
	Ratio of net income before tax to paid-in capital (%)	16.63	5.46	-7.24	14.57	24.65
	Net income ratio (%)	3.84	0.47	-3.05	3.51	5.57
	Earnings per share (NT$)	1.12	0.41	-0.79	0.96	2.42
Cash Flow	Fund flow ratio (%)	29.40	12.60	21.95	14.15	11.80
	Fund Flow Adequacy Ratio (%)	162.00	140.97	186.19	162.50	100.62
	Cash reinvestment ratio (%)	6.76	2.74	6.01	4.58	0.70
Leverage	Operating leverage ratio	1.50	2.17	8.69	2.06	2.12
	Financial leverage ratio	1.12	1.24	-3.23	1.20	1.17

The changes in financial ratios of 20% or more in the last two years are described as follows.

1. Benefit from the sales growth and investment gain increase, the overall net income increase resulting the profitability ratios and interest coverage ratio go up.
2. The Fund Flow Adequacy Ratio decrease due to the CAPEX and inventory increase, which are to align with the Group’s business schedule.
3. Because of the higher cash dividend, the cash reinvestment ratio goes down.

* Financial information using international financial reporting standards.
* The cash flow ratio is not calculated when the net cash flow of operating activities in each year is negative
* Operating leverage and financial leverage degrees are not calculated when the operating profit of each year is negative

Note 1: All financial information for the last five years have been audited and approved by the accountants.

Note 2: The calculation formula of financial ratio is as follows:

1. Financial structure
   (1) The ratio of liabilities to assets = Total Liabilities / total assets.
   (2) Ratio of long-term capital to real estate, plant and equipment = (total equity + non current liabilities) / net amount of real estate, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid Expenses) / Current liabilities.
   (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expense for the current period.
3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable due to business) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable due to business) balance for each period.
   (2) Average cash collection days = 365/receivable turnover rate.
   (3) Inventory turnover = cost of goods sold / average inventory amount.
   (4) Payables (including accounts payable and notes payable arising from operations) turnover ratio= cost of goods sold / average amount payable in each period (including accounts payable and notes payable due to business) in each period.
   (5) Average days of sales = 365 / Inventory turnover rate.
   (6) Property, plant and equipment turnover ratio = net sales / average net sales of property, plant and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity attributable to the parent company's owners = Net income after tax attributable to the parent company's owners / average net shareholders' equity attributable to the parent company's owners.
   (3) Net income ratio = Profit and loss after tax / net sales.
   (4) Earnings per share = (Profit and loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash Flow
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / last five years (capital expenditures + increase in inventories + cash dividends).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage ratio.
   (1) Operating leverage ratio = (net operating income - variable operating costs and expenses) / operating income.
   (2) Financial leverage ratio= operating income / (operating income - interest expense).

Financial analysis - Individual

Year (Note 1) / Analysis items (Note 2)		Financial analysis of the last five years				
		2017	2018	2019	2020	2021
Financial Structure	Debt to assets ratio (%)	35.39	36.86	45.23	48.36	47.09
	Proportion of long term funds in real estate, plant and equipment (%)	2036.60	1845.76	2381.53	2439.11	2483.50
Solvency	Current ratio (%)	78.58	50.26	79.00	61.67	84.96
	Quick ratio (%)	72.11	43.64	72.01	52.14	75.27
	Interest coverage ratio	6.69	4.69	-4.50	6.88	16.48
Operating Capacity	Receivables turnover ratio (times)	6.72	6.01	5.54	6.17	6.21
	Average cash collection days	54.31	60.73	65.88	59.16	58.78
	Inventory turnover ratio (times)	14.78	15.62	15.38	11.09	13.09
	Turnover rate of accounts payable (times)	9.02	8.29	7.25	6.94	6.27
	Average days of sales	24.69	23.37	23.73	32.91	27.88
	Property, plant and equipment turnover rate (times)	2.79	3.13	3.62	5.08	8.31
	Total assets turnover rate (times)	0.13	0.14	0.15	0.17	0.27
Profitability	Return on assets (%)	3.96	1.87	-2.38	3.54	7.66
	Return on equity (%)	5.76	2.35	-4.71	5.84	13.93
	Ratio of net income before tax to paid-in capital (%)	10.04	4.63	-7.39	9.44	22.06
	Net income ratio (%)	27.29	10.66	-18.43	17.82	26.94
	Earnings per share (NT$)	1.12	0.41	-0.79	0.96	2.42
Cash Flow	Fund flow ratio (%)	-	-	2.83	-	13.56
	Fund Flow Adequacy Ratio (%)	0.85	-	3.32	3.67	24.31
	Cash reinvestment ratio (%)	-	-	-1.10	-	-
Leverage	Operating leverage ratio	-	-	-	-	1.87
	Financial leverage ratio	-	-	-	-	1.52

The changes in financial ratios of 20% or more in the last two years are described as follows:
1. Benefit from the sales growth and investment gain increase, the overall net income increase resulting the profitability ratios, cash flow ratio, leverage ratio and interest coverage ratio go up.
2. Due to the sales growth, the Property, plant and equipment turnover rate and Total assets turnover rate increase.

* Financial information using international financial reporting standards.

* Cash flow ratio is not calculated when net cash flow from operating activities is negative for each year.

* Operating leverage ratio and financial leverage ratio are not calculated when operating income is negative for each year.

Note 1: All financial information for the last five years have been audited and approved by the accountants.

Note 2: The formula for calculating financial ratios is as follows:

1. Financial structure

(1) The ratio of liabilities to assets = Total Liabilities / total assets.

(2) Ratio of long-term capital to real estate, plant and equipment = (total equity + non current liabilities) / net amount of real estate, plant and equipment.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid Expenses) / Current liabilities.

(3) Interest coverage ratio = Net income before income tax and interest expense / Interest expense for the current period.

3. Operating capacity

(1) Receivables (including accounts receivable and notes receivable due to business) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable due to business) balance for each period.

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

(3) Inventory turnover = cost of goods sold / average inventory amount.

(4) Payables (including accounts payable and notes payable arising from operations) turnover ratio= cost of goods sold / average amount payable in each period (including accounts payable and notes payable due to business) in each period.

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

(6) Property, plant and equipment turnover ratio = net sales / average net sales of property, plant and equipment.

(7) Total assets turnover = net sales / average total assets.

4. Profitability

(1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity attributable to the parent company's owners = Net income after tax attributable to the parent company's owners / average net shareholders' equity attributable to the parent company's owners.

(3) Net income ratio = Profit and loss after tax / net sales.

(4) Earnings per share = (Profit and loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares outstanding.

5. Cash Flow

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

(2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / last five years (capital expenditures + increase in inventories + cash dividends).

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage ratio.

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

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

3. The Audit Committee's Review Report of the Latest Financial Report

Audit Committee Review Report

The board of directors has issued a report on the Company's business, financial statements, and proposed appropriation of earnings for the year ended December 31, 2021, of which the financial statements have been audited and the audit report has been issued by Deloitte Touche Tohmatsu Limited. The above business report, financial statements and earnings distribution report have been checked by the audit committee, and it is found that there are no inappropriate parts. Please refer to Article 14-4 of the Securities and Exchange Act and Article 219 of the Companies Act and report the above for your review.

K Laser Technology Inc.

Convenor of Audit Committee: Huang Bixin

March 24, 2022

English Translation of a Report and Financial Statements
Originally Issued in Chinese

K Laser Inc. and Subsidiaries

Consolidated Financial Statements with Report of Independent Accountants for the years ended December 31, 2021 and 2020

Address: No. 1, Lishin 6th Road, Hsinchu City,
Hsinchu Science Park
Tel: (03)577-0316

Declaration of Consolidation of Financial Statements of Affiliates

The companies that are required to be included in the consolidated financial statements of associates in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Associated Enterprises" for the year ended December 31, 2021 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard No. 10. In addition, relevant information that should be disclosed in the consolidated financial statements of associates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, K Laser Technology Inc. and Subsidiaries did not prepare a separate set of consolidated financial statements of associates.

Company Name: K Laser Technology Inc.

Chairman: Kuo Wei-Wu

March 24, 2022

Independent Auditors' Report

Submitted to K Laser Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of K Laser Technology Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of K Laser Technology Inc. and Subsidiaries as of December 31, 2021 and 2020 and their consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

The opinion is conducted in accordance with the rules for auditing and certifying financial statements and the generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section of the auditors' report. We are independent of K Laser Technology Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of K Laser Technology Inc. and Subsidiaries for the year ended December 31, 2020. 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.

Recognition of Sales Revenue

The operating income of K Laser Technology Co., Ltd. and Subsidiaries mainly comes from the manufacture of laser holographic film, laser anti-counterfeiting label, laser paper, precision optical components and optical instruments. The sales target in the year of 2021 was significantly concentrated in a single customer, and the sales revenue of backlight modules applied to mobile phones was obvious, and the authenticity of the sales revenue had a great impact on the consolidated financial report. Therefore, the CPA listed the above sales revenue as the key audit items of the current year. Please refer to note 4 to the consolidated financial statements for the accounting policies for revenue recognition.

Our key audit procedures performed in respect of the aforementioned key audit matters includes:

1. Understand the internal control procedures for the recognition of sales revenue, and confirm and evaluate whether the internal control is effective.
2. Take samples from the transaction details of backlight module applied to mobile phones by major sales customers to check whether the external freight documents, export declaration and original transaction documents are consistent.
3. Send a letter to confirm the backlight module transaction applied to mobile phones by major sales customers.

Other Matters

We did not audit the financial statements of some subsidiaries included in the consolidated financial statements of K Laser Technology Inc. and Subsidiaries, but such statements were instead audited by other auditors. Our opinion stated in the consolidated financial statements, insofar as it relates to the amounts included in the financial statements of some subsidiaries, is based solely on the report of other auditors. As of December 31, 2021 and 2020, the total assets of the aforementioned subsidiaries amounted to NT$391,788 thousand and NT$439,989 thousand, respectively, which accounted for 4.77% and 5.53% of the consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the net operating revenue of these subsidiaries were NT$272,765 thousand and NT$285,507 thousand, respectively, which accounted for 4.44% and 5.25% of the consolidated net operating revenue, respectively. The financial statements of some investee companies accounted for using the equity method were audited by other auditors. The amounts within the consolidated financial statements for those investee companies were based solely on the reports of other auditors. As of December 31, 2021 and 2020, investments of the aforementioned investee companies accounted for using the equity method were NT$137,945 thousand and NT$123,089 thousand, respectively, which accounted for 1.68% and 1.55% of the consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the amounts of investment gain recognized by the aforementioned investee companies and accounted for using the equity method

were NT$20,210 thousand and NT$13,315 thousand, respectively, which accounted for 4.94% and 5.74% of the consolidated net profit or loss before tax, respectively. Refer to Note 36 to the consolidated financial statements for relevant information of the above investee companies which we have not audited but were audited by other auditors.

We have also audited the financial statements of K Laser Technology Inc. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unqualified opinion and the auditors' report mentioned in the Other Matters section for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of K Laser Technology Inc. and Subsidiaries to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate K Laser Technology Inc. and Subsidiaries 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 financial reporting process of K Laser Technology Inc. and Subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of K Laser Technology Inc. and Subsidiaries.
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 ability of K Laser Technology Inc. and Subsidiaries 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 K Laser Technology Inc. and Subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities 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, and also 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 that those matters of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 are the key audit matters. We describe these matters in our auditors' report unless any 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.

Deloitte & Touche

Huang Yi-Min, CPA

Hsu Wen-Ya, CPA

Financial Supervisory Commission Approval No.:
Jin-Guan-Zheng-Shen-Zi-1030024438

Securities and Futures Bureau Approval No.:
Tai-Cai-Zheng-6-Zi-0920123784

March 24, 2022

K Laser Technology Inc. and Subsidiaries

Consolidated Balance Sheet

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,128,842	26	$ 2,629,811	33
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,134	-	27,150	-
1150	Notes receivable (Notes 4 and 8)	101,895	1	35,457	1
1170	Trade receivables (Notes 4 and 8)	1,295,840	16	855,955	11
1180	Trade receivables from related parties (Notes 4, 8 and 32)	189,050	2	670,406	8
1200	Other receivables (Note 32)	25,710	-	58,048	1
1220	Current tax assets (Notes 4 and 26)	12,413	-	7,552	-
130X	Inventories (Notes 4 and 9)	1,408,054	17	993,440	13
1460	Current assets held for sale (Notes 4 and 10)	29,865	1	28,154	-
1470	Other current assets (Notes 6, 18 and 33)	324,733	4	188,677	2
11XX	Total current assets	5,519,536	67	5,494,650	69
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income－non-current (Notes 4 and 11)	96,045	1	118,244	2
1550	Investments accounted for using the equity method (Notes 4 and 11)	441,409	5	591,940	7
1600	Property, plant and equipment (Notes 4 and 13)	1,389,369	17	1,131,375	14
1755	Right-of-use assets (Notes 4 and 15)	313,064	4	263,580	3
1805	Goodwill (Notes 4, 16 and 29)	42,724	1	85,752	1
1821	Other intangible assets (Notes 4 and 17)	42,307	1	44,672	1
1840	Deferred tax assets (Notes 4 and 26)	20,000	-	21,094	-
1990	Other non-current assets (Notes 6, 18 and 33)	350,720	4	208,183	3
15XX	Total non-current assets	2,695,638	33	2,464,840	31
1XXX	Total assets	$ 8,215,174	100	$ 7,959,490	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Note 19)	$ 747,545	9	$ 810,164	10
2110	Short-term notes and bills payable (Note 19)	159,948	2	299,917	4
2150	Notes payable	268,422	3	257,027	3
2170	Trade payables	639,088	8	507,491	7
2180	Trade payables to related parties (Note 32)	3,709	-	43,535	1
2200	Other payables (note 21)	516,737	6	415,897	5
2220	Other payables to related parties (Note 32)	117	-	1,753	-
2230	Current tax liabilities (Notes 4 and 26)	15,768	-	13,559	-
2280	Lease liabilities－current (Notes 4 and 15)	51,701	1	51,244	1
2320	Current portion of long-term liabilities (Note 19)	-	-	100,000	1
2399	Other current liabilities	11,373	-	24,509	-
21XX	Total current liabilities	2,414,408	29	2,525,096	32
	Non-current liabilities				
2500	Financial liabilities measured at fair value through profit or loss - non-current (notes 4 and 7)	855	-	-	-
2530	Corporate bonds payable (note 20)	552,053	7	-	-
2540	Long-term borrowings (Note 19)	794,000	10	1,250,000	16
2580	Lease liabilities－non-current (Notes 4 and 15)	162,844	2	199,582	2
2640	Net defined benefit liabilities－non-current (Notes 4 and 22)	20,158	-	18,888	-
25XX	Total non-current liabilities	1,529,910	19	1,468,470	18
2XXX	Total liabilities	3,944,318	48	3,993,566	50
	Equity (Note 23)				
	Share capital				
3110	Ordinary shares	1,659,694	20	1,593,246	20
3200	Capital reserve	709,559	9	585,347	7
	Retained earnings				
3310	Legal reserve	249,257	3	213,042	3
3320	Special reserve	391,852	5	200,987	2
3350	Unappropriated earnings	294,763	4	384,752	5
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(373,245)	(5)	(287,085)	(4)
3420	Unrealized gain on financial assets at fair value through other comprehensive income	(30,640)	-	(30,403)	-
3490	Unpaid employees award	(72,873)	(1)	-	-
3500	Treasury shares	(147,047)	(2)	(118,736)	(1)
31XX	Total equity attributable to the Company	2,681,320	33	2,541,150	32
36XX	Non-controlling interests (23)	1,589,536	19	1,424,774	18
3XXX	Total equity	4,270,856	52	3,965,924	50
	Total liabilities and equity	$ 8,215,174	100	$ 7,959,490	100

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu　　Manager: Kuo Wei-Wu　　Accounting Manager: Hung Ya-Ching

K Laser Technology Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars;
Earnings Per Share: In New Taiwan Dollars

Code		2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue (Notes 4 and 32)	$ 6,146,290	100	$ 5,439,230	100
5110	Cost of goods sold (Notes 9 and 32)	4,908,947	80	4,175,137	77
5950	Gross profit	1,237,343	20	1,264,093	23
	Operating expenses (Notes 8 and 32)				
6100	Selling and marketing	375,660	6	328,332	6
6200	General and administrative	448,339	7	435,814	8
6300	Research and development	261,625	4	254,895	5
6450	Expected credit (reversal interest) impairment loss	(64,719)	(1)	16,330	-
6000	Total operating expenses	1,020,905	16	1,035,371	19
6900	Profit from operations	216,438	4	228,722	4
	Non-operating income and expenses				
7060	Share of profit or loss of associates accounted for using the equity method (Note 13)	25,137	-	31,550	1
7100	Interest income (Note 32)	19,724	-	10,175	-
7130	Dividend income	1,031	-	2,354	-
7190	Other income-others (Note 32)	46,908	1	42,242	1
7210	Loss on disposal of real estate, plant and equipment	(4,154)	-	(2,212)	-
7225	Impairment loss	(43,028)	(1)	(8,739)	-
7230	Loss on foreign exchange	(2,599)	-	(23,648)	-
7235	Gain on financial assets (liabilities) at fair value through profit or loss	4,594	-	(31)	-
7510	Interest expense	(31,678)	-	(38,560)	(1)
7590	Miscellaneous expense	(32,572)	-	(32,425)	(1)
7625	Gain on disposal of investment	209,269	3	22,673	-
7000	Total non-operating income and expenses	192,632	3	3,379	-

(to be continued)

(continued)

Code		2021 Amount	2021 %	2020 Amount	2020 %
7900	Profit (loss) before tax	$ 409,070	7	$ 232,101	4
7950	Income tax expense (Notes 4 and 26)	(66,996)	(1)	(40,962)	-
8200	Profit for the year	342,074	6	191,139	4
	Other comprehensive income (loss) (Note 23)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(1,297)	-	236	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(4,487)	-	12,617	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(96,373)	(2)	(9,186)	-
8370	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method	(2,332)	-	(1,872)	-
8300	Total other comprehensive income (loss)	(104,489)	(2)	1,795	-
8500	Total comprehensive income for the year	$ 237,585	4	$ 192,934	4
	Net profit (loss) attributed to				
8610	Owners of the company	$ 363,725	6	$ 144,409	3
8620	Non-controlling interests	(21,651)	-	46,730	1
8600		$ 342,074	6	$ 191,139	4
	Total comprehensive income (loss) attributed to				
8710	Owners of the company	$ 275,922	5	$ 137,403	3
8720	Non-controlling interests	(38,337)	(1)	55,531	1
8700		$ 237,585	4	$ 192,934	4
	Earnings per share (Note 27)				
	From continuing operations				
9710	Basic	$ 2.42		$ 0.96	
9810	Diluted	$ 2.14		$ 0.95	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu Manager: Kuo Wei-Wu Accounting Manager: Hung Ya-Ching

K Laser Technology Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Shareholders of the Parent Company										
				Retained earnings			Other equity					
Code		Ordinary shares	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations Exchange differences on translation of financial statements of foreign operations	Unrealized loss (gain) on financial assets at fair value through other comprehensive income Unrealized loss (gain) on financial assets at fair value through other comprehensive income	Unpaid employees award	Transactions of Treasury shares	Non-controlling interests	Total equity
A1	Balance at January 1, 2020	$ 1,593,246	$ 551,531	$ 213,042	$ 201,090	$ 255,807	($ 278,472)	($ 33,033)	$ -	($ 102,122)	$ 842,432	$ 3,243,521
	Appropriation and distribution of 2019 earnings (Note 23)											
B1	Legal reserve	-	-	-	-	-	-	-	-	-	-	-
B5	Special reserve	-	-	-	-	-	-	-	-	-	-	-
D1	Net profit for the year ended December 31, 2020	-	-	-	-	144,409	-	-	-	-	46,730	191,139
D3	Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	236	(8,874)	1,632	-	-	8,801	1,795
L1	Buy-back of treasury shares (Note 23)	-	-	-	-	-	-	-	-	(77,812)	-	(77,812)
L5	Acquisition of the parent company's shares by subsidiaries as treasury shares	-	(3,668)	-	-	-	-	-	-	22,785	25,153	44,270
N1	Share-based payment transactions	-	10,824	-	-	-	-	-	-	38,413	-	49,237
M5	Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	22,969	-	(103)	(11,200)	261	998	-	-	62,941	75,866
M7	Changes in percentage of ownership interests in subsidiaries	-	3,691	-	-	-	-	-	-	-	-	3,691
C7	Changes in associates accounted for using the equity method	-	-	-	-	(4,500)	-	-	-	-	-	(4,500)
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	438,717	438,717
Z1	Balance at December 31, 2020	1,593,246	585,347	213,042	200,987	384,752	(287,085)	(30,403)	-	(118,736)	1,424,774	3,965,924
	Allocation and distribution of surplus in 2020 (Note 23)											
B1	Legal reserve	-	-	36,215	-	(36,215)	-	-	-	-	-	-
B3	special surplus reserve	-	-	-	190,931	(190,931)	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	(225,344)	-	-	-	-	-	(225,344)
C5	Equity components recognized by issuing convertible corporate bonds	-	20,280	-	-	-	-	-	-	-	-	20,280
D1	2021 annual net profit (loss)	-	-	-	-	363,725	-	-	-	-	(21,651)	342,074
D3	Other comprehensive profit and loss after tax in year 2021	-	-	-	-	(1,297)	(86,277)	(229)	-	-	(16,686)	(104,489)
I1	Conversion of corporate bonds into ordinary shares	16,448	12,704	-	-	-	-	-	-	-	-	29,152
L1	Repurchase of treasury shares (Note 23)	-	-	-	-	-	-	-	-	(28,311)	-	(28,311)
M5	Difference between equity price and book value of subsidiaries actually obtained or disposed of	-	23,036	-	(66)	73	117	(8)	-	-	17,728	40,880
M7	Changes in ownership interests of subsidiaries	-	29,279	-	-	-	-	-	-	-	-	29,279
N1	Issuance of Restricted Employee Rights Shares (note 28)	50,000	38,913	-	-	-	-	-	(88,913)	-	-	-
N1	Cost of stock compensation for RSA (note 28)	-	-	-	-	-	-	-	16,040	-	-	16,040
O1	Non-controlling interest	-	-	-	-	-	-	-	-	-	185,371	185,371
Z1	Balance at December 31, 2021	$ 1,659,694	$ 709,559	$ 249,257	$ 391,852	$ 294,763	($ 373,245)	($ 30,640)	($ 72,873)	($ 147,047)	$ 1,589,536	$ 4,270,856

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu　　Manager: Kuo Wei-Wu　　Accounting Manager: Hung Ya-Ching

K Laser Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code		2021	2020
	Cash flows from operating activities		
A10000	Profit before tax	$ 409,070	$ 232,101
A20010	Income and expense adjustments		
A20100	Depreciation expense	223,916	231,574
A20200	Amortization expense	5,963	5,028
A20300	Expected credit (reversal interest) impairment loss	(64,719)	16,330
A20400	Net (profit) loss of financial assets measured at fair value through profit or loss	(4,594)	31
A20900	Interest expense	31,678	38,560
A21200	Interest income	(19,724)	(10,175)
A21300	Dividend income	(1,031)	(2,354)
A21900	Share-based compensation expense	16,575	9,301
A22300	Share of loss of associates and joint ventures accounted for using the equity method	(25,137)	(31,550)
A22500	Loss on disposal and write-down of property, plant and equipment	4,154	2,212
A23100	Gain on disposal of investment	(209,269)	(22,673)
A23700	Impairment loss recognized on non-financial assets	43,028	8,739
A23800	Loss on inventory valuation and obsolescence	21,138	126
A29900	Gain on lease modification	-	(246)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(5,102)	70,382
A31150	Trade receivables	(242,003)	31,956
A31160	Trade receivables from related parties	486,099	(201,462)
A31180	Other receivables	25,165	(27,680)
A31200	Inventories	(344,953)	(78,740)
A31240	Other current assets	(75,843)	(28,796)
A31990	Other non-current assets	1,465	(7,383)
A32130	Notes payable	11,396	98,312
A32150	Trade payables	63,432	64,793
A32160	Trade payables to related parties	(39,827)	(4,933)
A32180	Other payables	69,122	34,137

(to be continued)

(continued)

Code		2021	2020
A32230	Other current liabilities	($ 13,371)	$ 3,449
A32240	Net defined benefit liabilities - non-current	(27)	(6,374)
A33000	Cash generated from operations	366,601	424,665
A33100	Interest received	19,724	10,175
A33300	Interest paid	(28,572)	(38,435)
A33500	Income tax paid	(72,779)	(39,114)
AAAA	Net cash generated from operating activities	284,974	357,291
	Cash flows from investing activities		
B00010	Financial assets measured at fair value through other comprehensive profit or loss	-	(3,000)
B00030	Refund of shares for increases in capital stocks on financial assets at fair value through profit or loss	9,000	-
B00100	Acquisition of financial assets recognized initially at fair value through profit or loss	(19,493)	(584,470)
B00200	Disposal of financial assets recognized initially at fair value through profit or loss	47,688	764,621
B00200	Dispose of financial assets designated as measured at fair value through other comprehensive profits and losses at the time of original recognition	8,688	-
B01800	Acquisition of long-term equity investment accounted for using the equity method	(3,924)	(9,005)
B02200	Acquisition of subsidiaries (net of cash obtained)	(135,253)	-
B02600	Price for disposal of assets to be sold	237,238	19,762
B02700	Purchase of property, plant and equipment	(352,182)	(137,993)
B02800	Proceeds from disposal of property, plant and equipment	14,371	5,415
B03700	(increase) decrease in deposit	(1,590)	7,888
B04100	Decrease in other receivables	7,660	6,458
B04500	Purchase of intangible assets	(3,598)	(1,235)
B06600	Increase in other financial assets	(44,832)	(128,028)
B07600	Dividends received	8,275	7,045
BBBB	Net cash used in investing activities	(227,952)	(52,542)
	Cash flows from financing activities		
C00200	(decrease) increase in short-term borrowings	(157,329)	9,017
C00500	(decrease) increase in short-term bills payable	(140,000)	130,000
C01200	Issuance of convertible corporate bonds	600,700	-
C01600	Long-term borrowings	650,000	250,000
C01700	Repayments of Long-term borrowings	(1,206,000)	(90,000)

(to be continued)

(continued)

Code		2021	2020
C04500	Payment of cash dividends	($ 225,344)	$ -
C04800	Employee exercise of stock option	833	-
C04900	Treasury stock repurchase cost	(28,311)	(77,812)
C05000	Disposition of treasury stock	-	45,507
C05400	Acquisition of equity of subsidiaries	(1,074)	(13,235)
C05500	Investment price for sale of subsidiaries	43,332	44,925
C05800	Changes in non-controlling interests	21,868	498,218
C04020	Repayment of the principal portion of lease liabilities	(59,643)	(51,331)
CCCC	Net cash inflow (outflow) from financing activities	(500,968)	745,289
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents	(57,023)	(8,406)
EEEE	Increase (decrease) in cash and cash equivalents in the current period	(500,969)	1,041,632
E00100	Cash and cash equivalents at the beginning of the year	2,629,811	1,588,179
E00200	Cash and cash equivalents at the end of the year	$ 2,128,842	$ 2,629,811

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

(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu Manager: Kuo Wei-Wu Accounting Manager: Hung Ya-Ching

K Laser Technology Inc. and Subsidiaries

Notes to the Consolidated Financial Report

For the years ended December 31, 2021 and 2020

(In thousands of New Taiwan Dollars, except as otherwise indicated herein)

I. Corporate History

K Laser Technology Co., Ltd. ("K Laser" or the "Company") was incorporated in Hsinchu Science Industrial Park in April 1988. Its main business items are research and development, production, manufacturing and sales of laser holographic packaging materials, products and optical instruments.

On December 9, 1999, the Company's shares began trading on the Taipei Exchange (TPEx), and were subsequently listed on the Taiwan Stock Exchange (TWSE) on September 17, 2001.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. Date and Procedure of Adoption of Financial Statements

The consolidated financial statements were adopted by the board of directors of the parent on March 23, 2021.

III. Applicability of New and Amended Regulations and Interpretations

(1) Apply for the first time the IFRS, IAS, IFRIC and SIC (hereinafter referred to as "IFRSs") approved and issued by the financial supervision and regulation committee (hereinafter referred to as "FSC")

Except for the following explanations, the application of the revised IFRSs approved and issued by the FSC to the company and the individuals controlled by the company (hereinafter referred to as the "consolidated company") will not cause significant changes in the accounting policies of the consolidated company.

Amendment to IFRS 16 "rent concession related to Covid-19 after June 30, 2021"

The consolidated company chose to apply the amendment and extended the applicable conditions of the practical expedient method to the payment due before June 30, 2022. Please refer to note 4 for the relevant accounting policies of the practical expedient method.

(2) IFRSs recognized by the FSC, which were applied in 2020

Standards Issued / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB
"Annual improvement of IFRSs 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "citation of conceptual framework"	January 1, 2022 (Note 2)
Amendment to IAS 16 "property, plant and equipment: price before reaching the intended state of use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "loss making contracts - costs of performing contracts"	January 1, 2022 (Note 4)

Note 1: the amendments to IFRS 9 apply to the exchange or modification of terms of financial liabilities incurred during the annual reporting period beginning after January 1, 2022; The amendment to IAS 41 "agriculture" applies to fair value measurement for annual reporting periods beginning after 1 January 2022; The amendment to IFRS 1 "first adoption of IFRS" applies retroactively to the annual reporting period beginning after January 1, 2022.

Note 2: this amendment is applicable to business combinations starting from the acquisition date during the annual reporting period and after January 1, 2022.

Note 3: this amendment applies to the plant, real estate and equipment that reach the necessary location and state of the expected operation mode of the management after January 1, 2021.

Note 4: this amendment applies to contracts that have not fulfilled all obligations on January 1, 2022.

As of the date of issuance of the consolidated financial report, the amendments to other standards and interpretations for the evaluation of the consolidated company will not have a significant impact on the financial position and financial performance.

(3) IFRSs that have been announced by IASB but have not been recognized or announced yet by the FSC

Standards Issued / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 ”Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Not decided yet
IFRS 17”Insurance contract”	January 1, 2023
IFRS 17 Amendments to	January 1, 2023
Amendments to IFRS 17 "initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (note 3)
Amendments to IAS 12 "deferred income tax relating to assets and liabilities arising from a single exchange"	January 1, 2023 (note 4)

Note 1: Except otherwise as indicated herein, the standards newly issued/amended/revised or interpretations come into effect from the annual reporting period after the indicated date.

Note 2: The amendments are applicable to postponement of an annual reporting period after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies to be made in an annual reporting period after January 1, 2023.

Note 4: this amendment applies to transactions occurring after January 1, 2022, except that deferred income tax is recognized for temporary differences in lease and decommissioning obligations on January 1, 2022.

1. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   According to the amendments, when the Group sells or contributes assets to its associate or the Group loses its control over its subsidiary but still has a significant impact on the subsidiary, the consolidated is required to recognize the income or loss generated from the transaction if the assets or subsidiary mentioned above falls in the definition of "business" stated in IFRS 3 "Business Combinations."

   In addition, when the Group sells or contributes assets to its associate or the Group loses its control over its subsidiary in a transaction made with its associate but still has a significant impact on the subsidiary, the Group is required to recognize the income or loss generated from the transaction to the extent that the equity of investors is irrelevant to the associate, that is to say, by writing off the Group's share of the income or loss, if the assets or subsidiary mentioned above is not defined as the "business" as stated in IFRS 3 "Business Combinations."

2. Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

   The amendments explain that to determine whether a liability is classified to be non-current, the Group should be evaluated to see whether it has the right at the end of a reporting period to defer the repayment deadline to at least 12 months beyond the reporting period. If the Group has such right at the end of the reporting period, the liability will be classified to be non-current no matter whether the Group is expected to exercise such right. The amendment also clarifies that if the consolidated company is required to comply with specific conditions before it has the right to deferred settlement of liabilities, the consolidated company must have complied with specific conditions on the end of the reporting period, even if the lender tests whether the consolidated company complies with these conditions on a later date.

   According to the amendments, for the purpose of liability classification, the aforementioned repayment refers to transfer of cash, other economic resources or the Group's equity instrument to the counterparty so as to eliminate the liabilities. However, if the counterparty may at its option request the Group to transfer its

equity instrument so as to repay the liabilities in accordance with the terms provided for the liabilities, and if the option is separately recognized in equity in compliance with the provisions of IAS 32 "Financial Instruments: Presentation," then the aforementioned terms do not influence classification of liabilities.

3. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments expressly indicate that the Group shall disclose the information of material accounting policies based on the definition of material. Accounting policy information is material if it can be reasonably expected to affect the decisions made by the main users of general-purpose financial reports on the basis of such financial reports. The amendment clarifies:

- Information of accounting policies relevant to immaterial transactions or immaterial other matters or circumstances is regarded as immaterial information. The Group is not required to disclose such information.
- The Group may determine that the information of accounting policies is material based on the nature of the transactions or other matters or circumstances even though the amount is not significant.
- Not all information of accounting policies relevant to material transactions or material other matters or circumstances is regarded as material information.

In addition, examples are also given in the amendments to explain the information of accounting policies that is relevant to material transactions or material other matters or circumstances may be regarded as material information in any of the following situations:

(1) The consolidated company changed its accounting policies during the reporting period, and the change resulted in significant changes in the financial reporting information;
(2) The Group chooses, from the accounting policies permitted in the standards, the accounting policy applicable to the Group;
(3) The Group establishes accounting policies in compliance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" for a lack of specific standards;
(4) The Group discloses relevant accounting policies that it has to exercise material judgment or assumption to determine; or
(5) Complicated accounting treatment regulations are involved, and users of financial reports rely on such information to understand such major transactions, other matters or situations.

4. Amendments to IAS 8 "Definition of Accounting Estimates"

The revised explicit accounting estimate refers to the monetary amount affected by measurement uncertainty in the financial report. When applying accounting policies, the consolidated company may have to measure the financial reporting items with monetary amounts that cannot be directly observed but must be estimated. Therefore, it is necessary to use measurement techniques and input values to establish accounting estimates to

achieve this purpose. If the influence of changes in measurement techniques and input values on accounting estimates is not related to correction of an error occurring in the previous period, then such changes are regarded as changes in accounting estimates.

In addition to the above effects, as of the date of issuance of this consolidated financial report, the consolidated company continues to evaluate the impact of amendments to other standards and interpretations on its financial position and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

IV. Explanations of Material Accounting Policies

(1) Declaration of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs recognized and published by the FSC.

(2) Preparation Basis

The consolidated financial report is prepared on the basis of historical cost, except for financial instruments, which are measured at fair value.

Fair value measurement is classified from level 1 to level 3 based on observable level and importance of relevant inputs.

1. Level 1 inputs: They refer to the prices of the same assets or liabilities obtained in the active market on measurement date (not adjusted).
2. Level 2 inputs: They refer to direct inputs (i.e. prices) or indirect inputs (presumed from prices) observable, except level 1 prices, for assets or liabilities.
3. Level 3 inputs: They refer to inputs not observable for assets or liabilities.

(3) Standards of Distinguishing Current Assets and Liabilities from Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for transaction;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including the same that would be used to exchange or pay off liabilities 12 months after the balance sheet date and be therefore restricted).

Current liabilities include:

1. Liabilities held primarily for transaction;
2. Liabilities due and repaid within 12 months after the balance sheet date
3. Liabilities for which the repayment period is not unconditionally allowed to be postponed to at least 12 months after the balance sheet date.

The assets and liabilities which are not listed as current assets and current liabilities above are classified as non-current assets and non-current liabilities.

(4) Consolidation Basis

This consolidated financial report includes the financial reports of the company and the individuals (subsidiaries) controlled by the company.

The financial report of each subsidiary has been adjusted in order to cause the accounting policies used by each subsidiary to be consistent with those used by the Group.

The transactions, account balances, incomes and expenses among individual entities were already deleted completely during the preparation of the consolidated financial report.

Refer to Note 12 and Attachments 6 and 7 for the detailed information, shareholding and business activities of each subsidiary.

(5) Business Combinations

Business combinations are processed by using the acquisition method. Acquisition-related costs are listed as expenses for the year when the costs occur and services are obtained.

Goodwill refers to the net worth, measured based on the fair value of transfer pricing, the amount of the acquiree's non-controlling interests and the total equity of the acquiree in fair value previously possessed by the acquirer as of the acquisition date, and in excess of the identifiable assets obtained and the liabilities assumed on the acquisition date.

Non-controlling interests for which the acquirer has the acquiree's current ownership interest and of which the acquirer is entitled, upon liquidation, to enjoy the acquiree's net assets are measured by the percentage share of the recognized amount of net identifiable assets of the acquiree enjoyed by the acquirer. Other non-controlling interests are measured in fair value.

(6) Foreign Currency

For the transactions completed by using a foreign currency rather than the functional currency of an entity of the Group, the entity shall convert the foreign currency to the functional currency at the exchange rate prevailing on the date of transaction in preparing the financial report.

Foreign monetary items are converted at the closing rate on the balance sheet date. Exchange differences generated from the transfer or conversion of monetary items are recognized in profits or losses for the current year when the differences occur.

Foreign currency non-monetary items measured at fair value are converted at the exchange rate on the date when fair value is determined. Exchange differences generated are listed as current profits or losses. However, in case of changes in fair value recognized in other comprehensive incomes or losses, the exchange differences generated are listed as other comprehensive incomes or losses.

Foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction and will not be re-converted.

In preparing the consolidated financial report, K Laser converts the assets and liabilities of the entities operating overseas (including the subsidiaries using, and the subsidiaries operating in the countries using, any currency that differs from the currency used by K Laser) to

NT dollars at the exchange rate on the balance sheet date. Incomes and expenses are converted at the average exchange rate of the current year. Exchange differences generated are recognized as other comprehensive incomes or losses. (and vested in the owners and non-controlling interests of the company respectively).

If the consolidated company disposes of all the interests of the foreign operating institution, or disposes of part of the interests of the subsidiary of the foreign operating institution but loses control of it, or the retained interests after disposing of the joint agreement or affiliated enterprise of the foreign operating institution are financial assets and treated in accordance with the accounting policies of financial instruments, all the accumulated exchange differences attributable to the owner of the company and related to the foreign operating institution will be reclassified to profit and loss.

When the disposal of part of the equity of the subsidiary operating overseas does not cause the Group to lose its control over the subsidiary, the accumulate exchange differences are proportionally returned to non-controlling interests of the subsidiary, instead of being recognized as profits or losses. In any other situation where any part of the equity of a subsidiary is disposed, the accumulate exchange differences are reclassified to profits or losses at the ratio of disposal.

(7) Inventories

Inventories include merchandise, raw materials, finished goods and work in process. Inventories are measured by using the lower of cost or net realizable value method. Cost and net realizable value are compared base on each individual item, except the same type of inventories. Net realizable value refers to the amount of the selling price, estimated in normal circumstances, from which the estimated cost required to be put in prior to the completion and the estimated cost needed for the completion of sale are subtracted. Cost of inventories is calculated by using the weighted average method.

(8) Investments in Associates

An associate refers to an enterprise on which the Group has a significant influence and that is not a subsidiary or joint venture of the Group.

Investments made by the Group in associates are measured by using the equity method. With the equity method, investments in associates are originally recognized at cost. After the date of acquisition, the book amount increases or decreases correlatively subject to the profits or losses, share of other comprehensive incomes or losses and profit distribution enjoyed by the Group from associates. Besides, changes in entity of associates are recognized proportionally based on the ratio of shareholding.

Acquisition cost exceeding the Group's share of the identifiable assets and liabilities of associates in fair value on the date of acquisition is recognized as goodwill. The goodwill is included in the book amount of the investments and shall not be amortized. The Group's share of the identifiable assets and liabilities of associates in fair value on the date of acquisition in excess of acquisition cost is recognized as current profits or losses.

If the Group fails, when an associate issues new shares, to subscribe for the shares proportionally at the rate of its shareholding so that the rate of its shareholding changes and the net equity of the investment increases or decreases accordingly, then capital reserve shall be adjusted by such increase or decrease – changes in net equity of associates and joint ventures accounted for using the equity method, and investments accounted for using the equity method. However, in case of its failure to subscribe for or obtain shares proportionally at the rate of its shareholding so that its ownership interest in the associate decreases, then the associate-related amount recognized as other comprehensive income or loss shall be reclassified at the ratio of decrease in the amount, and the basis of accounting treatment used shall be the same as that required to be complied with by the associate if it was required to dispose relevant assets or liabilities directly. If the aforementioned adjustment is debited to capital reserve and the balance of capital reserve generated from the investments accounted for using the equity method is not sufficient, the difference shall be debited to retained earnings.

When the Group's share of loss in an associate equals or exceeds its interest in the associate (including the book amount of investments in the associate accounted for using the equity method, and other long-term interest substantially comprising the Group's net investments in the associate), no loss shall be further recognized. The Group recognizes additional losses and liabilities only to the extent of legal obligations or constructive obligations incurred or payments made on behalf of the associate.

In evaluating impairment, the Group regards the entire book amount of investments (including goodwill) as single assets and compares the recoverable amount with the book amount to perform the impairment test. The impairment loss recognized is part of the book amount of investments. Any revere of impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investments.

The consolidated company shall cease to adopt the equity method on the date when its investment is no longer an affiliated enterprise, and its retained interests in the original affiliated enterprise shall be measured at fair value. The difference between the fair value and disposal price and the book amount of investment on the date when the equity method is ceased shall be included in the current profit and loss. For all amounts relevant to the associate and recognized as other comprehensive income or loss, the basis of accounting treatment used shall be the same as that required to be complied with by the associate if it was required to dispose relevant assets or liabilities directly. If investments originally made in an associate become investments in a joint venture, or investments originally made in a joint venture become investments in an associate, then the Group will use the equity method continuously and will not measure separately for the retained interest.

Profits or losses generated from upstream, downstream and sidestream transactions between the Group and an associate are recognized in the consolidated financial report only to the extent that

the equity of the associate owned by the Group is not influenced accordingly.

(9) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and measured subsequently based on the amount of cost less both accumulated depreciation and accumulated impairment loss.

Each important portion of the property, plant and equipment within service life is depreciated by using the straight line method. When the lease period is shorter than the service life, the depreciation is allocated within the lease period. The Group reviews the estimated service life, residual value and depreciation method at least at the end of every year and put off the impact on applicable changes in accounting estimates.

Upon derecognition of property, plant and equipment, the difference between the net proceeds on disposal and the book amount of the assets is recognized in profits or losses.

(10) Goodwill

For the goodwill obtained from a business combination, the amount of goodwill recognized on the acquisition date is taken as cost. Such goodwill is measured subsequently based on the amount of the cost less accumulated impairment loss.

For the purpose of the impairment test, goodwill is amortized to each cash-generating unit or cash-generating unit group (hereinafter referred to as CGU) expected by the Group to be benefited from effects of the business combination.

For CGUs of the amortized goodwill, the impairment test is conducted by comparing the book amount of CGUs of goodwill with the recoverable amount of goodwill every year and when a sign shows that the CGUs may be impaired. If the goodwill amortized to CGUs is obtained from a business combination in the current year, then the impairment test shall be conducted prior to the end of the current year. If the recoverable amount of the CGUs of the amortized goodwill is less than its book amount, then the book amount of the goodwill amortized to CGUs shall be reduced by the impairment loss first, and the book amount of each of the concerned assets shall be reduced at the ratio of the book amount of each of the assets in CGUs. Impairment loss, if any, is recognized as current loss directly. Goodwill impairment loss shall not be reversed in any subsequent period.

Upon disposal of any operation in the CGUs of the amortized goodwill, the amount of goodwill relevant to the disposed operation is included in the book amount of the operation in order to determine the gain or loss on the disposal.

(11) Intangible Assets

1. Individual Acquisition

Intangible assets with limited service life acquired individually are originally measured at cost and measured subsequently based on the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized within service life by

using the straight line method. Estimated service life, residual value and amortization method shall be reviewed at least at the end of every year and the impact on applicable changes in accounting estimates shall be put off. Intangible assets without defined service life are listed at cost less accumulated impairment loss.

2. Derecongition

Upon derecongition of intangible assets, the difference between the net disposal proceeds and the book amount to such assets is recognized in current profits or losses.

(12) Impairment of real estate, plant and equipment, right of use assets, investment real estate and intangible assets

On each balance sheet date, the consolidated company assesses whether there is any indication that real estate, plant and equipment, right of use assets, investment real estate and intangible assets may have been impaired. In case of any sign of impairment, a recoverable amount is estimated for the assets. If a recoverable amount cannot be estimated for any individual asset, the Group will estimate the recoverable amount of the CGU of the concerned asset.

As for the intangible assets without defined service life and that have not been available for use, the test is conducted at least every year and upon occurrence of a sign of impairment.

The recoverable amount is the higher of fair value less costs to sell and use value. If the recoverable amount of individual assets or CGUs is less than the book amount thereof, then the book amount of the assets or CGUs will be reduced to the recoverable amount, and the impairment loss will be recognized in profits or losses.

Upon subsequent reverse of impairment loss, the book amount of the assets or CGUs is increased to the revised recoverable amount. However, the increased book amount shall not exceed the book value (less amortization or depreciation) determined if the impairment loss of the assets or CGUs was not recognized in the previous year. Reverse of impairment loss is recognized in profits or losses.

(13) Non-current Assets Held for Sale

The book amount of non-current assets are classified as assets held for sale when they are expected to be traded instead of being used continuously and then recycled. The non-current assets as classified above shall be available for sale immediately in their current status and such sale shall be highly possible. The sale is highly possible when proper levels of management commit to a plan of selling such assets and the sale transaction is expected to be completed within a year after the date of classification.

(14) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the contract concerning the instruments.

If financial assets or financial liabilities are not measured at fair value through profit or loss ("FVTPL"), the financial assets or financial liabilities, upon original recognition, are measured at fair value plus transaction cost attributable directly to the obtained or issued financial assets or financial liabilities. Transaction cost attributable directly to the obtained or issued financial assets or financial liabilities at FVTPL is recognized as profits or losses immediately.

1. Financial Assets

Routine transactions of financial assets are recognized and derecognized on transaction date.

(1) Type of Measurement

Types of financial assets held by the Group are financial assets at FVTPL, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI").

A. Financial Assets at FVTPL

Financial assets at FVTPL include the financial assets that are enforced or designated to be measured at FVTPL. The financial assets enforced to be measured at FVTPL include the investments in equity instruments not designated by the Company to be measured at FVTOCI, and the investments in debt instruments not classified as those measured at amortized cost or measured at FVTOCI.

Financial assets at FVTPL are measured at fair value while the incomes or losses generated from remeasurement (including any dividend or interest generated from the

financial assets) are recognized in profits or losses. Please refer to note 31 for the determination method of fair value.

B. Financial Assets at Amortized Cost

Financial assets invested by the Group are classified as the financial assets measured at amortized cost if both of the following conditions are satisfied simultaneously:

a. The financial assets are possessed in a specific business model, and the model is used to acquire contractual cash flows by possessing financial assets; and
b. Cash flows generated on the specific date as provided in contractual terms are completely used for payment of principals and the interest on the outstanding principals.

After being recognized originally, the financial assets measured at amortized cost (including cash and cash equivalents, trade receivables measured at mortised cost, etc.) are measured at the amortized cost of the total book amount less any impairment loss determined by the effective interest method. Foreign exchange gains or losses are recognized in profits or losses.

Interest income is computed at the effective interest rate multiplied by the total book amount of financial assets, except in either of the following situations:

a. For the credit-impaired financial assets purchased or established, interest income is computed at the effective interest rate, after credit adjustment, multiplied by the amortized cost of the financial assets.
b. If the financial assets without credit impairment upon purchase or establishment become credit-impaired subsequently, then interest income is computed at the effective interest rate multiplied by the amortized cost of the financial assets.

Credit-impaired financial assets refer to the financial assets, the issuer or debtor of which has serious financial difficulty or violates the contract, or the debtor of which may apply for bankruptcy or financial restructuring, or the active market of which disappears due to financial difficulty.

Cash equivalents include the time deposits lasting for no more than 3 months, or for a period between 3 and 12 months, after the acquisition date, with the interest, obtained in case of early termination, higher than that for current deposits, and the time deposits that are highly liquid and may be transferred to a fixed amount of cash any time with minimal risk of changes in value to fulfill short-term cash commitments.

C. Investments in Equity Instruments at FVTOCI

Upon original recognition, the Group may irrevocably choose to indicate that the investments in equity instruments which are not possessed for sale and not recognized by acquirers of business combinations or for which considerations are provided shall be measured at FVTOCI.

Investments in equity instruments at FVTOCI are measured at fair value, and the subsequent changes in fair value are listed in other comprehensive incomes or losses and accumulated in other equity. Upon disposal of investments, accumulated profits or losses are transferred directly to retained earnings and will not be reclassified as profits or losses.

Dividends for investments in equity instruments at FVTOCI are recognized in profits immediately when the Group's right to collect payments has been established unless the dividends obviously represent part of the investment cost recovered.

(2) Impairment of Financial Assets

The Group evaluates impairment loss of financial assets at amortized cost based on the expected credit loss every balance sheet date.

Loss allowances for trade receivables are recognized based on the expected credit loss for the duration of trade receivables. As for other financial assets, the Group determines whether credit risks increases significantly after the original recognition of such other financial assets. If the risk does not increase significantly, then loss allowances for other financial assets are recognized based on the expected credit loss for 12 months. If the risk increases significantly, loss allowances are recognized based on the expected credit loss for the duration of such other financial assets.

The expected credit loss refers to the weighted average credit loss computed by weighting the risk of a breach of contract. The expected credit loss for 12 months means the expected credit loss incurred due to violation of a financial instrument within 12 months after the date of reporting. The expected credit loss for the duration means the expected credit loss incurred due to all violations of a financial instrument for the duration of the financial instrument.

For internal credit risk management, the Group determines, without taking any collateral it possesses into account, that a breach of contract with respect to financial assets occurs in case of any of the following situations:

A. Internal or external information indicates that it is impossible for the debtor to repay debts.

B. Financial assets have expired unless any reasonable and supporting information indicates that the postponed violation basis is more appropriate.

For all financial assets, impairment loss is reflected by reducing the book amount of the financial assets through the allowance account.

(3) Derecognition of Financial Assets

The Group derecognizes financial assets only when their rights to cash flows from financial assets under a contract expire or when financial assets have been transferred and almost all risks of ownership of the assets and payments of the assets have been transferred to other enterprises.

When financial assets measured at amortized cost are de-listed as a whole, the difference between their book amount and the consideration received is recognized in profit or loss. When the equity instrument investment measured at fair value through other comprehensive profits and losses is de-listed as a whole, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

2. Equity Instruments

The debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

The equity instruments issued by the Group are recognized based on the obtained consideration less the cost of direct issuance.

The equity instruments of the Group taken back are recognized as and subtracted from equity. No purchase, sale, issuance or annulment of equity instruments of the Group shall be recognized as profit or loss.

3. Financial liabilities

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following circumstances:

Financial liabilities measured at fair value through profit or loss include held for trading and designated as measured at fair value through profit or loss. Financial liabilities held for trading are measured at fair value, and benefits or losses arising from other re-measurements are recognized in other benefits and losses.

(2) Exclusion of financial liabilities

When financial liabilities are excluded, the difference between the book amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

4. Convertible corporate bonds

The composite financial instruments (convertible corporate bonds) issued by the company are classified into financial liabilities and equity respectively at the time of initial recognition

according to the essence of the contract agreement and the definition of financial liabilities and equity instruments.

At the time of initial recognition, the fair value of the liability component is estimated at the current market interest rate of similar non-convertible instruments and measured at the amortized cost calculated by the effective interest method before the conversion or maturity date. The component of liabilities embedded in non-equity derivatives is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the composite instrument minus the fair value of the separately determined liability component, which is recognized as equity after deducting the impact of income tax and will not be measured later. When the conversion right is exercised, the relevant liability components and the amount of equity will be transferred to share capital and capital reserve - issue premium. If the conversion right of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital reserve - issuance premium.

(15) Liability reserve

The amount recognized as liability reserve is the best estimate of the amount needed, in consideration of the risk of obligations and uncertainty into account, to repay obligations on the balance sheet date. Liability reserve is measured based on the present discounted value of the cash flows expected to repayment of obligations.

(16) Revenue recognition

After identifying its obligations under a contract made with a customer, the Group amortizes the transaction price to each obligation and recognizes revenue upon fulfillment of each obligation.

Sales Revenue

Sales revenue comes from sale of holographic and photonics products. The revenue is recognized when the customer controls the committed assets, that is to say, the point of time when construal obligations are fulfilled by delivering products to the designated place.

For the goods delivered to be processed, revenue is not recognized upon such delivery as the ownership of processed goods is not transferred.

(17) Lease

Upon establishment of a contract, the Group evaluates whether the contract is (or includes) a lease.

1. The Group is a lessor.

   If almost all of the risks pertaining to the ownership of the assets and the compensation are required to be transferred to the lessee in accordance with the terms of the lease, then the lease is classified as a financed lease. All other leases are classified as operating leases.

   When subleasing right-of-use assets, the Group determines the classification of the sublease (instead of the subject assets). However, if the master lease is applicable to the short-term leases for which the Group recognizes exemptions, then the sublease is classified as an operating lease.

   Lease payments less lease incentives are recognized as incomes under the operating lease for the lease period on a straight-line basis.

2. The Group is a lessee.

   For other leases, right-of-use assets and lease liabilities are recognized on the date of lease commencement, except for leases of low-value assets for which exemptions can be recognized and short-term leases, in which case, lease payments are recognize as expenses for the lease period on a straight-line basis.

   Right-of-use assets are originally measured at cost (including the amount of originally measured lease liabilities, lease payments made before the date of lease commencement less the received lease incentives, the original direct cost and the estimated cost of restored subject assets). They are subsequently measured based on the cost less accumulated depreciation and accumulated impairment loss, and the remeasured amount of lease liabilities is adjusted accordingly. Right-of-use assets are expressed separately in the consolidated balance sheet.

   Right-of-use assets are depreciated on a straight-line basis between the date of lease commencement and the expiration of the service life or expiration of the lease period, whichever comes first.

   Lease liabilities are originally measured based on the current value of lease payments (including periodical payments, substantially periodical payments, lease payments subject to changes in the index or rate, amounts expected to be paid by the leasee to the extent of the guaranteed residual value, prices exercising based on call options ensured reasonably, and penalties for lease termination reflected already in the lease period less the received lease incentives). If a lease implies an interest rate that can be determined easily, then lease payments are discounted at the interest rate. If the interest rate cannot be determined easily, then the lessee's incremental borrowing rate of interest is used.

   After that, lease liabilities are measured at amortized cost by using the effective interest method, and interest expenses are amortized for the leasing. In case the lease period, the amount expected to be paid to the extent of the guaranteed residual value, the evaluation of call options for subject assets, or the index or rate determined for lease payments changes, then the Group

remeasures lease liabilities and adjusts right-of-use assets accordingly. However, if the book amount of right-of-use assets has been reduced to zero, then the rest of the remeasured amount is recognized in profits or losses. Lease liabilities are expressed separately in the consolidated balance sheet.

Variable rents that are not subjected to the index or rate under the lease agreement are recognized as expenses for the year when the rents occur.

The Group negotiated with the lessor for the rents directly relevant to Covid 19 and adjusted the rents due before June 30, 2022 so that the adjusted rents were almost equal to the rents before the negotiation. The negotiation has not caused any change in other terms of the lease. The Group chose to deal with the negotiation expediently for the rents in the lease contract satisfying the aforementioned conditions. The Group did not evaluate whether the negotiation was conducted to amend the lease, but intended to recognize the decrease in rent payments as profits upon occurrence of such decrease and reduce lease liabilities accordingly.

(18) Borrowing cost

The borrowing cost directly attributable to the acquired assets is part of the cost of the assets until almost all activities necessary for the assets to be used or sold as expected have been completed.

If specific borrowings are used for temporary interments prior to the occurrence of the capital expenditure that meets requirements, then any and all investment incomes earned accordingly are subtracted from the borrowing costs satisfying the condition of capitalization.

Except otherwise as stated above, all other borrowing costs are recognized as losses for the year when the costs occur.

(19) Government subsidy

A government subsidy is recognized only when the Group is reasonably believed to comply with the conditions attached to the government subsidy and will receive the subsidy.

A government subsidy is recognized as profit on a systemic basis for the year in which the Group recognizes as expenses the costs to be covered by the subsidy.

If a government subsidy is used to cover the expenses or losses occurring already or is just granted, as financial support, to the Group and no relevant cost will occur in the future, then the subsidy is recognized as profit for the year when the subsidy is received.

(20) Employee benefits

1. Short-term Employee Benefits

   Liabilities relevant to short-term employee benefits are measured based on non-discounted amounts expected to pay to exchange for employees' service.

2. Post-employment Benefits

   As for retirement pensions under the defined contribution plan, the pension amounts allocated for the period when employees provide service are recognized as expenses.

Defined costs (including service costs, net interest and remeasurements) of the defined benefit plan are calculated by using the projected unit credit method. Service costs, the previous years' service costs and net interest on defined benefit liabilities (assets) are recognized as employee benefit expenses upon their occurrence or when the plan is amended or reduced. Remeasurements (including actuarial gains and losses, changes in effects on asset ceiling, and return on plan asset less interest) are recognized in other comprehensive incomes or losses upon their occurrence and listed in other equity, and they are subsequently will not be reclassified to profits or losses.

Net defined benefit liabilities (assets) are allocated shortage (surplus) of the defined benefit plan. Net defined benefit assets shall not exceed the current value of the refund of contributions from the plan or the reduction in future contributions.

3. Other long-term Employee Benefits

The accounting treatment of other long-term employee benefits is the same as that of the defined benefit plan. However, relevant remeasurements are recognized in profits or losses.

(21) Share-based payment agreement

Employee stock options or shares with restricted employee rights are recognized as expenses on a straight-line basis during the acquired period according to the fair value determined on the grant date and the best estimate of the expected acquired employee stock options, and the capital reserve - employee stock options or other rights and interests (employees do not earn remuneration) are adjusted at the same time. If it is given at the giving date, the fee shall be fully recognized on the day of giving.

When the merged company issues restricted employee rights shares, it recognizes other rights and interests (employees do not earn remuneration) on the date of grant, and adjusts the capital reserve - restricted employee rights shares at the same time.

The consolidated company shall revise the estimated number of employee stock options expected to be acquired on each balance sheet date. If the original estimated quantity is revised, the affected amount is recognized as profit or loss, so that the accumulated expenses can reflect the revised estimate, and the capital reserve - employee stock options or other rights and interests (employees do not earn remuneration) are relatively adjusted.

(22) Treasury shares

When the Group buys back its outstanding shares to be treasury shares, the cost paid is debited to treasury shares, as a subtrahend under shareholders' equity.

Transfer of treasury shares to employees is treated in compliance with IFRS 2 "Share-based Payment." Upon cancellation of treasury shares, "treasures shares" are credited and "capital reserve－premium on shares" and "capital stock" are debited at equity ratio. If the book value of treasury shares is higher than the sum of par value and premium, then the difference writes off the capital reserve generated from the same type of treasury shares. In case of any shortage, retained

earnings are debited again. If the book value is lower, then the difference is credited to the capital reserve generated from the same type of treasury shares. The book value of treasury shares is computed by using the weighted average method.

(23) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current Income Tax

The income tax on unappropriated earnings computed in accordance with the Income Tax Act of the Republic of China is recognized for the year when the resolution is adopted at the shareholders' meeting.

Adjustment made for the previous year's income tax payable is listed in current income tax.

2. Deferred Income Tax

Deferred income tax is computed based on temporary differences generated from the book amounts of assets and liabilities and the tax base used to compute taxable income.

Deferred income tax liabilities are generally recognized based on taxable temporary differences. Deferred income tax assets are recognized when there may probably be taxable incomes from which the tax credits generated from temporary differences and loss carry forwards can be subtracted.

Taxable temporary differences relevant to investments in subsidiaries and associates are recognized as deferred income tax liabilities, except when the Company is able to control the point of reverse of temporary differences and the taxable temporary differences will not be reversed in the foreseeable future. Deductible temporary differences relevant to the investments are recognized as deferred income tax assets only to the extent of the foreseeable reverse expected in the future when there is taxable income sufficient to realize temporary differences.

The book amount of deferred income tax assets is reviewed again on every balance sheet date. For all or part of assets that taxable income may probably not be sufficient to recover, the book value is reduced. Those that are not originally recognized as deferred income tax assets are also reviewed again on every balance sheet date. The book value is increased when there may be any taxable income used to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate applicable to the year when liabilities are expected to be

repaid or assets are expected to be realized. The interest rate refers to the interest rate determined by the tax law that is enacted or substantially enacted as of the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences generated in the way that the Group expects to recover or repay the book amount of its assets or liabilities as of the balance sheet date.

3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profits or losses. However, the current and deferred income taxes relevant to the items recognized in other comprehensive incomes or losses or those included directly in equity are recognized in other comprehensive incomes or losses or included directly in equity respectively.

V. Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty

For relevant information not available by the Group from other resources in applying accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The actual result may probably differ from the estimate.

The consolidated company takes the recent development of the Covid-19 pandemic in Taiwan and its possible impact on the economic environment into consideration of major accounting estimates such as cash flow estimation, growth rate, discount rate and profitability. The management will continue to review the estimates and basic assumptions. If a revised estimate only influences the current year, the estimate will be recognized in the year when it is revised. If a revised accounting estimate influences the current and future years, the estimate will be recognized in the year when it is revised and in the future year.

VI. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand and Revolving funds	$ 25,451	$ 26,889
Bank checks and saving deposits of bank	1,379,197	2,128,693
Cash equivalents		
Time deposits	724,194	474,229
	$ 2,128,842	$ 2,629,811

(1) The market interest rate range of time deposits as of the balance sheet date is as follows: (The interest rate for checking deposits is 0 %.)

	December 31, 2021	December 31, 2020
Demand deposits	0.001%-0.3%	0.001%-0.3%
Time deposits	0.002%-2.85%	0.03%-1.4%

(2) The bank deposits of the Group for the following purposes have been reclassified to other current assets and other non-current assets.

	December 31, 2021	December 31, 2020
Other current assets (Note 18)		
Guarantee deposits for bank acceptance	$ 86,380	$ 105,698
Performance bond	-	1,482
Deposit for land lease of Hsinchu Science Park	5,000	-
Bank short-term loan guarantee	112,934	-
	$ 204,314	$ 107,180
Other non-current assets (Note 18)		
Guarantee deposits for land leases with Hsinchu Science Park	$ 5,000	$ 5,000
Customs Duty Deposit	2,606	2,619
Guarantee deposits for issuance of debentures	173,277	128,445
	$ 180,883	$ 136,064

VII. Financial Instruments at FVTPL

	December 31, 2021	December 31, 2020
Financial assets - current		
Mandatory measurement at fair value through profit or loss		
Derivatives (unspecified hedging)		
Redemption right of convertible corporate bonds (note 20)	$ 3,134	$ -
Non-derivative financial assets		
Beneficiary certificates of funds	-	5,265
Mixed financial assets - structured	-	21,885
	$ 3,134	$ 27,150
Financial liabilities - non-current		
Held for trading		
Derivatives (unspecified hedging)		
Resale right of convertible corporate bonds (note 20)	$ 855	$ -

VIII. Notes Receivable and Trade Receivables

	December 31, 2021	December 31, 2020
Notes receivable		
at amortized cost		
Total book amount	$ 101,895	$ 35,457
Trade receivables		
at amortized cost		
Total book amount	$ 1,396,178	$ 931,365
Less: loss allowance	(100,338)	(75,410)
	$ 1,295,840	$ 855,955
Trade receivables from related parties (Note 32)		
at amortized cost		
Total book amount	$ 195,300	$ 737,706
Less: loss allowance	(6,250)	(67,300)
	$ 189,050	$ 670,406
Non-accrual loans		
Non-accrual loans	$ 7,705	$ 7,705
Less: loss allowance	(7,705)	(7,705)
	$ -	$ -

(1) Notes Receivable

The notes receivable of the Group as of December 31, 2021 and 2020 were not overdue.

(2) Trade Receivables

As for the payments of products sold by the Group, the average credit period is between 90 and 150 days after the date of monthly settlement. No interest accrues for trade receivables. To reduce credit risk, the management of the Group designates a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Group reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Group believes that the Group's credit risk has significantly reduced.

As shown in the history of credit loss incurred by the Group, the Group's subsidiaries located in different areas use different standards to evaluate their respective expected loss, and credit loss to customers in different fields of industry also varies. Thus different expected credit loss rates are determined in the provision matrix for customers in different areas and different fields of industry and for trade receivables overdue/with different payment periods.

If evidence shows that the counterparty encounters serious financial difficulties and the Group is unable to reasonably expect a recoverable amount, then the Group will write off relevant trade

receivables directly; however, claiming activities will still continue. Amounts claimed and recovered are recognized in profits.

The analysis on aging of trade receivables based on days past due is as follows:

	December 31, 2021	December 31, 2020
Not overdue	$ 1,319,128	$ 1,389,971
1～60 days	158,617	133,975
61～90 days	32,096	24,245
91～180 days	34,555	35,314
181～360 days	12,046	16,058
Over 361 days	35,036	69,508
Total	$ 1,591,478	$ 1,669,071

Information of changes in trade receivables loss allowance is as follows:

	2021	2020
Beginning balance	$ 142,710	$ 221,186
Plus: acquired through merger	39,500	-
Add: provision for expected credit impairment loss in current period (reversal)	(64,719)	16,330
Less: Amounts written off actually for the year	(10,923)	(87,555)
Amounts reclassified to non-accrual loans	-	(7,705)
Foreign exchange differences	20	454
Ending balance	$ 106,588	$ 142,710

As of December 31, 2021, the total individual non-accrual loans amounting to NT$7,705 thousand were liquidated or in material financial difficulties. The Group has proceeded with legal proceedings for collection and has allocated adequate allowance for bad debts.

The consolidated company converted 793,000 shares and 1,333,000 shares of Boxlight Corporation in January 2021 and March 2020, respectively, with the book value of accounts receivable of US $1,626,000 (US $1,983 thousand of accounts receivable deducting US $357,000 of accrued loss) and 320,000 (US $3,000,000 of accounts receivable deducting US $2,680,000 of accrued loss), consolidated under current assets to be sold.

IX. Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 851,493	$ 570,120
Work in process	62,669	64,927
Raw materials and supplies	377,117	265,056
Merchandise	116,775	93,337
	$ 1,408,054	$ 993,440

Cost of goods sold relevant to inventories was NT$4,908,947 thousand and NT$4,175,137 thousand respectively in 2021 and 2020.

Cost of goods sold included an inventory valuation loss amounting to NT$21,138 thousand and NT$126 thousand respectively in 2021 and 2020.

X. Current assets to be sold and disposal groups to be sold

	December 31, 2021	December 31, 2020
Foreign investment - Boxlight Corporation	$ 29,865	$ 28,154

On March 30, 2020, the board of directors of the consolidated company approved the plan to dispose of all the equity of Boxlight Corporation, an investment company originally adopting the equity method. It was originally expected to complete the disposal procedure within 12 months. So far, except the part that is the restricted by local laws and regulations, the disposal progress has been actively carried out. The consolidated company conducts impairment assessment on the day of passing the board of directors, and its book value is lower than the fair value on that day. Therefore, it is reclassified to the current assets to be sold according to the book value and expressed separately in the consolidated balance sheet.

As of December 31, 2021, the Group possessed equity in Boxlight Corporation with fair value of NT$73,949 thousand.

XI. Financial Assets at FVTOCI

Investments in Equity Instruments

	December 31, 2021	December 31, 2020
Non-current		
Domestic investments -non-listed (non-over-the-counter) stocks		
Chinese Development, Biomedicine and Venture Investment Co., Ltd.	$ 26,726	$ 32,457
Mega Plastic Industry Co., Ltd.	2,007	2,068

(Continued)

(Continued)

	December 31, 2021	December 31, 2020
Aether Precision Co., Ltd	$ 1,249	$ 1,249
CMVT Co., Ltd	-	459
Foreign investments -non-listed (non-over-the-counter) stocks		
Guangcan Optoelectronic (Cayman) Holding Company	-	73,090
Dongguan Guangzhi photoelectric Co., Ltd	66,063	-
Shenzhen City Zhenhuajia Environmental Energy Co., Ltd.	-	8,921
	$ 96,045	$ 118,244

To achieve objectives in its medium and long-term strategy, the Group has invested in common shares of the aforementioned companies and expected to acquire gains on the long-term investments. The management of the Group believes that such investments will be inconsistent with the aforementioned long-term investment planning if the short-term fluctuation in fair value of such investments is listed in profit or loss, so the management determines that such investments are measured at FVTOCI.

The consolidated company originally invested in Guangcan Optoelectronics (Cayman) Holding Co., Ltd. and indirectly invested in Dongguan Guangzhi Photoelectric Co., Ltd. since September 2021, the organizational structure has been adjusted to directly invest in Dongguan Guangzhi Photoelectric Co., Ltd.

XII. Subsidiaries

(1) Subsidiaries Listed in the Consolidated Financial Report

The subjects that the consolidated financial report is prepared for are as follows:

Name of investing company	Name of subsidiary	Nature of business	Shareholding December 31, 2021	Shareholding December 31, 2020
K Laser	K Laser International Co., Ltd. (hereinafter referred to as International)	Reinvestment business	100%	100%
K Laser	K Laser China Group Co., Ltd. (hereinafter referred to as China Group)	Reinvestment business	100%	100%
K Laser	Optivision Technology Inc. (hereinafter referred to as Optivision Technology)	Research, development and manufacturing of precision optical components	42%	41%
K Laser	Insight Medical Solutions Inc. (hereinafter referred to as Insight Medical) (Note 2)	Research, development and sale of endoscopes used in gastrointestinal tracts	45%	45%
K Laser	Guang Feng International Ltd.	Reinvestment business	100%	100%
K Laser and China Group Holding	iWin Technology Co., Lt (hereinafter referred to as iWin)	Reinvestment in companies	100%	100%

(Continued)

(Continued)

Name of investment company	Name of subsidiary	Nature of business	Percentage of equity held December 31, 2021	Percentage of equity held December 31, 2020
International	K Laser Technology (Korea) Co., Ltd.(hereinafter referred to as Korea K Laser)	Manufacturing and sale of holographic products	100%	100%
International	K Laser Technology (Thailand) Co., Ltd. (hereinafter referred to as K Laser Thailand)	Manufacturing and sale of holographic products	83%	83%
International	K Laser Technology (USA) Co., Ltd. (hereinafter referred to as K Laser USA)	Sale of holographic products	80%	80%
International	K Laser IMEA Co., Ltd. (hereinafter referred to as IMEA)	Reinvestment in companies	(Liquidated)	100%
International	Amagic Technologies U.S.A. (Dubai) (hereinafter referred to as Amagic Dubai)	As an agent to sell holographic products	100%	100%
International	K Laser Technology Japan Co., Ltd. (hereinafter referred to as K Laser Japan)	Manufacturing and sale of holographic products	70%	70%
International	Amagic Holographics India Private Limited(hereinafter referred to as Indian K Laser)	Manufacture and sales of holography products	100%	(note 1)
China Group	K Laser China Group Holding Co., Limited (hereinafter referred to as China Group Holding)	Reinvestment in companies	93.78%	99.60%
China Group	Holoprint Co., Ltd. (hereinafter referred to as Holoprint)	Reinvestment in companies	100%	100%
China Group Holding	K Laser (H.K.) Co., Ltd. (hereinafter referred to as K Laser(H.K.))	Sales and agency of holography products	100%	100%
China Group Holding	Holomagic Co., Ltd. (hereinafter referred to as Holomagic)	Reinvestment in companies	100%	100%
China Group Holding	Top Band Investment Limited (hereinafter referred to as Top Band)	Reinvestment in companies	100%	100%
Holomagic	Treasure Access Limited (hereinafter referred to as Treasure))	Reinvestment in companies	100%	100%
Top Band	Union Bloom Limited (hereinafter referred to as Union)	Reinvestment in companies	100%	100%
Optivision Technology Inc.	Bright Triumph Limited	Reinvestment business	100%	100%
Bright Triumph Limited	Ningbo Optivision Technology Co., Ltd.	Processing of optical films	100%	100%
Treasure	K Laser Technology (Wuxi) Co., Ltd. (hereinafter referred to as K Laser (Wuxi))	Manufacturing and sale of holographic products	100%	100%
Treasure	Herui Laser Technology Co., Ltd. (hereinafter referred to as Herui Laser)	Manufacturing and sale of holographic products	49%	49%
Treasure	Xinguang Laser Co., Ltd. (hereinafter referred to as Xinguang Laser) (Note 2)	Manufacture and sales of holography products	65%	-
Xinguang Laser	Jiangyin Teruida Packaging Technology Co., Ltd. (Note 2)	Manufacture and sales of holography products	100%	-
Union	Dongguan K Laser Technology Co., Ltd. (hereinafter referred to as K Laser(Dongguan))	Manufacturing and sale of holographic products	100%	100%

(Continued)

(Continued)

Name of investment company	Name of subsidiary	Nature of business	Percentage of equity held December 31, 2021	Percentage of equity held December 31, 2020
IMEA	Amagic Holographics India Private Limited(hereinafter referred to as India K Laser)	Manufacture and sales of holography products	(note 1)	100%
iWin	Finity Laboratories (hereinafter referred to as Finity)	Research and development of holography	100%	100%
Insight Medical	Insight Medical Solutions Holdings Inc. (hereinafter referred to as IMS Holding)	Reinvestment business	100%	100%
IMS Holding	Glory Group Medical (Wuxi) Co., Ltd	Research, development and sale of endoscopes used in gastrointestinal tracts	100%	100%
K Laser Thailand	K Laser Technology (Indonesia) Co., Ltd. (hereinafter referred to as K Laser Indonesia) (Note 1)	Manufacturing and sale of holographic products	70%	70%

Note 1: it refers to the adjustment of the group's investment structure, which is transferred from IMEA to International.

Note 2: Jiangyin Teruida Packaging Technology Co., Ltd. was established on September 3, 2003. It is mainly engaged in the research, development, production and sales of aluminized paper, laser transfer paper, composite paper and other high-grade paper. Its parent company is Xinguang Laser. Established on August 3, 1990, Xinguang Laser is mainly engaged in the R & D, production and sales of special film coating, decorative film and composite paper. It is an affiliated enterprise originally evaluated by the equity method of the consolidated company. The consolidated company acquired 31.75% equity from non-related parties with RMB 40,000,000 in October 2021. After obtaining the equity, the shareholding ratio of the consolidated company increased to 65% and gained control. Therefore, it has been merged into the consolidated company since October 2021.

Among the subsidiaries included in the consolidated statements, the 2021 and 2020 financial statements of Insight Medical Solutions Inc., the subsidiary of K laser China Group Co., Ltd., K Laser Technology Co., Ltd. (H.K.) Co., Ltd., the subsidiary of K laser International Co., Ltd., Amagic Technologies U.S.A. (Dubai), and the 2020 financial statements of Amagic holdings India Private Limited were not audited by the certified public accountant of the company, but were based on the financial statements audited by other accountants. The total assets of these subsidiaries audited by other accountants as of December 31, 2021 and 2020 were NT $391,788,000 and NT $439,989,000, respectively; the net operating income of such subsidiaries audited by other CPAs in the years 2021 and 2020 was NT $272,765,000 and NT $285,507,000, respectively.

(2) Information of the Subsidiaries with Material Non-controlling Interests

Name of subsidiary	Main place of business	Ratio of shareholding with non-controlling interests and voting rights	
		December 31, 2021	December 31, 2020
Optivision Technology Inc.	Hsinchu City	58%	59%

Name of subsidiary	Profit or loss distributed to non-controlling interests		Non-controlling interests	
	2021	2020	December 31, 2021	December 31, 2020
Optivision Technology Inc.	($ 19,414)	$ 72,475	$ 794,462	$ 937,534

The following summary financial information of Optivision Technology Inc. was prepared based on the amounts before the elimination of intracompany transactions.

Optivision Technology Inc. and Subsidiaries

	December 31, 2021	December 31, 2020
Current assets	$ 1,606,649	$ 2,059,623
Non-current assets	385,418	320,491
Current liabilities	(593,505)	(740,937)
Non-current liabilities	(29,732)	(37,062)
Equity	$ 1,368,830	$ 1,602,115

	2021	2020
Operating revenue	$ 1,726,892	$ 1,833,577
Current net (loss) profit of continuing business unit	($ 32,168)	$ 130,960
Current net (loss) profit	(32,168)	130,960
Other comprehensive income (loss)	(7,687)	19,406
Total comprehensive income (loss)	($ 39,855)	$ 150,366
Cash flows		
Operating activities	$ 316,434	$ 27,565
Investing activities	(114,395)	(38,888)
Financing activities	(405,178)	805,163
Effect of exchange rate changes	(623)	635
Net cash flow in (and out)	($ 203,762)	$ 794,475

XIII. Investments Accounted for Using the Equity Method

(1) Investments in Associates

Name of investee company	Main business activities	Place of incorporation and business	December 31, 2021 Book amount	December 31, 2021 Shareholding %	December 31, 2020 Book amount	December 31, 2020 Shareholding %
Individual immaterial associates						
Vicome Corp.	Manufacturing, processing, purchase and sale of fluorescent pigments and dyes	Yunlin County	$ 137,945	30	$ 123,089	30
Guangfeng Optoelectronics (Wuxi) Co., Ltd..	Production and sale of optical instruments	China	41,993	45	38,501	45
Xinguang Laser Co., Ltd.	Production of specific film coating, decorative films and environmentally friendly transfer paper	China	-	-	158,478	33
Foshan Donglin Packaging Materials Co., Ltd.	Production of packaging materials for tobacco and extended products	China	22,513	25	36,350	25
Hunan Hexin Packaging Materials Co., Ltd.	Mainly engaging in producing, processing and selling films and cigarette packs, and division of rolling paper	China	223,980	49	218,231	49
CIO Tech Ltd.	Investment holding	Cayman Islands	14,978	22	17,291	22
			$ 441,409		$ 591,940	

Xinguang Laser is mainly engaged in the R & D, production and sales of special film coating, decorative film and composite paper. It is an affiliated enterprise originally evaluated by the equity method of the consolidated company. The consolidated company purchased equity from external shareholders in October 2021.After acquiring the equity, the shareholding ratio of the consolidated company increased to 65% and gained control. Therefore, it has been incorporated into the consolidated individual since October 2021. Please refer to note XII.

(2) Information of Individual Immaterial Associates

	2021	2020
Share enjoyed by the Group		
Current net profit of continuing business unit	$ 25,137	$ 31,550
Other comprehensive income (loss)	(2,332)	(1,872)
Total comprehensive income (loss)	$ 22,805	$ 29,678

The Group's share of the profits (or losses) and other comprehensive incomes (or losses) of its associates recognized by the Group in 2021 and 2020 using the equity method were recognized based on the financial statements of the same years audited by CPAs of the associates. However, financial reports of some investee companies were audited by other CPAs instead of CPAs of the Group. The amount of investments made by the aforementioned investee companies and accounted for by using the equity method was NT$137,945 thousand and NT$123,809 thousand respectively as of December 31, 2021 and 2020. The amount of investment gains recognized by the aforementioned investee companies using the equity method for the years ended on December 31, 2021 and 2020 was NT$20,210 thousand and NT$13,315 thousand respectively.

XIV. Property, Plant and Equipment

	December 31, 2021	December 31, 2020
Land	$ 89,964	$ 102,994
Building	482,609	374,603
Machinery equipment	502,638	405,407
Other equipment	215,823	142,543
Unfinished construction and equipment pending acceptance	98,335	105,828
	$ 1,389,369	$ 1,131,375

	Land	Building	Machinery equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost						
Balance on January 1, 2021	$ 105,670	$1,013,820	$1,744,952	$ 619,580	$ 105,828	$3,589,850
Obtained by company merge	-	221,081	149,287	86,658	34,841	491,867
Add	-	36,133	145,293	74,438	102,684	358,548
Disposal	-	(154)	(47,404)	(19,955)	(3,396)	(70,909)
Reclassification	-	(13,253)	29,998	12,726	(140,991)	(111,520)
Net exchange difference	(13,155)	(21,491)	(38,625)	(4,411)	(631)	(78,313)
Balance at December 31, 2021	$ 92,515	$1,236,136	$1,983,501	$ 769,036	$ 98,335	$4,179,523
Accumulated depreciation and impairment						
Balance on January 1, 2021	$ 2,676	$ 639,217	$1,339,545	$ 477,037	$ -	$2,458,475
Obtained by company merge	-	98,137	121,860	46,092	-	266,089
Depreciation expense	-	35,214	87,233	49,986	-	172,433
Disposal	-	(132)	(33,683)	(18,569)	-	(52,384)
Reclassification	-	(8,473)	(2,525)	2,536	-	(8,462)
Net exchange difference	(125)	(10,436)	(31,567)	(3,869)	-	(45,997)
Balance at December 31, 2021	$ 2,551	$ 753,527	$1,480,863	$ 553,213	$ -	$2,790,154
Net amount at December 31, 2021	$ 89,964	$ 482,609	$ 502,638	$ 215,823	$ 98,335	$1,389,369
Cost						
Balance at January 1, 2020	$ 111,734	$1,012,956	$1,805,803	$ 677,651	$ 70,861	$3,679,005
Addition	-	13,058	49,155	21,109	57,558	140,880
Disposition	-	(13,608)	(141,277)	(74,867)	-	(229,752)
Acquisition of business combinations	-	-	27,487	(5,590)	(22,144)	(247)
Reclassification	(6,064)	1,414	3,784	1,277	(447)	(36)
Net exchange differences	$ 105,670	$1,013,820	$1,744,952	$ 619,580	$ 105,828	$3,589,850
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$ 613,795	$1,377,018	$ 498,515	$ -	$2,489,328
Depreciation expense	-	32,433	94,841	50,982	-	178,256
Impairment loss	2,676	1,968	3,747	348	-	8,739
Disposition	-	(10,826)	(137,281)	(74,018)	-	(222,125)
Acquisition of business combinations	-	-	(529)	477	-	(52)
Reclassification	-	1,847	1,749	733	-	4,329
Net exchange differences	$ 2,676	$ 639,217	$1,339,545	$ 477,037	$ -	$2,458,475
Balance at December 31, 2020	$ 102,994	$ 374,603	$ 405,407	$ 142,543	$ 105,828	$1,131,375

(1) Property, plant and equipment of the Group is depreciated based on the following service lives on a straight-line basis.

Building	
House and building	25-50 years
House furnishings	2-10 years
Machinery equipment	2-10 years
Other equipment	2-11 years

(二) The balance of property, plant and equipment not depreciated yet by the Group and the investment property mortgaged to the bank as security for loans as of December 31, 2021 and 2020 are detailed as follows:

	December 31, 2021	December 31, 2020
Land	$ 33,747	$ 38,635
House and building	288,900	154,614
	$ 322,647	$ 193,249

XV. Lease Agreement

(1) Right-of-use Assets

	December 31, 2021	December 31, 2020
Book amount of right-of-use assets		
Land	$ 229,861	$ 155,490
Building	67,731	89,676
Machinery equipment	7,516	10,907
Transportation equipment	7,956	7,507
	$ 313,064	$ 263,580

	2021	2020
Added Right-of-use assets	$ 31,782	$ 69,312
Expense of depreciation of right-of-use assets		
Land	$ 11,041	$ 10,746
Building	34,140	35,686
Machinery equipment	2,100	2,263
Transportation equipment	4,202	4,623
	$ 51,483	$ 53,318

In addition to the above additions and recognized depreciation expenses, there was no significant sublease and impairment of the right to use assets of the consolidated company from January 1 to December 31 in 2021 and 2020.

(2) Lease Liabilities

	December 31, 2021	December 31, 2020
Book amount of lease liabilities		
Current	$ 51,701	$ 51,244
Non-current	$ 162,844	$ 199,582

The range of discount rates for lease liabilities is as follows:

	December 31, 2021	December 31, 2020
Land	1.4%~3.63%	1.4%~3.63%
Building	1.5%~5.5%	1.5%~5.5%
Machinery equipment	1.5%	1.5%
Transportation equipment	1.5%~2.36%	1.5%~2.36%

(III) Important leasing activities and terms

In 2020, due to the severe impact of the Covid-19 pandemic on the market economy, the merged company negotiated the building lease with some lessors and agreed to unconditionally exempt all the rent from April 1 to May 31, 2020.The consolidated company recognized the impact of the above rent reduction of NT$ 637,000 in 2020 and recorded it under non-operating income.

(IV) Other leasing information

	2021	2020
Short-term lease expenses	$ 26,980	$ 22,623
Low-value asset lease expenses	$ 1,448	$ 1,168
Total cash outflow from leases	($ 92,742)	($ 80,699)

The consolidated company chose to recognize exemptions applicable to the asset leases that are in line with short-term leases and did not recognize right-of-use assets or lease liabilities relevant to such leases.

On December 31, 2021 and December 31, 2020, the following right of use assets of the consolidated company have been mortgaged to the bank as the guarantee for the issuance of bank acceptance bills and loans. The details are as follows:

	December 31, 2021	December 31, 2020
Land	$ 79,604	$ -

XVI. Commercial reputation

	December 31, 2021	December 31, 2020
Cost		
Beginning balance	$ 85,752	$ 85,752
Ending balance	$ 85,752	$ 85,752
Accumulated impairment loss		
Beginning balance	$ -	$ -
Recognized impairment loss	43,028	-
Ending balance	$ 43,028	$ -
Net at the end of the year	$ 42,724	$ 85,752

The Group had control over Insight Medical Solutions Inc. on December 23, 2019 and recognized Insight Medical-related goodwill amounting to NT$85,752 thousand, which mainly resulted from the expected growth of operating revenue with respect to capsule endoscope products in Taiwan. The recoverable amount of the company was assessed to be less than the book value in the year of 2021, so it was recognized that the goodwill was reduced by NT $ 43,028,000.

The amount recoverable by Insight Medical Solutions Inc. was determined based on value of use and estimated based on the cash flows expected for its finance for the following 5 years, approved by the management of the Group and computed at the annual discount rate 13.75%. Cash flows for the future after the 5 years were expanded at the growth rate 2% consistently. Other key assumptions included operating revenue and gross profit forecasts. These forecasts were made by taking into account the past operation of the cash-generating units and expectation of the management for the market.

XVII. Other intangible assets

	December 31, 2021	December 31, 2020
Book amount of each category		
Computer software cost	$ 3,850	$ 3,257
Expertise	38,457	41,415
	$ 42,307	$ 44,672

	2021	2020
Cost		
Balance at January 1	$ 66,212	$ 66,296
Acquisition for the year	3,598	1,235
Disposition for the year	(11)	(1,320)
Net exchange differences	-	1
Balance at December 31	$ 69,799	$ 66,212

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	2021	2020
Accumulated amortization and impairment		
Balance at January 1	$ 21,540	$ 17,831
Amortization expense	5,963	5,028
Disposition for the year	(11)	(1,320)
Net exchange differences	-	1
Balance at December 31	$ 27,492	$ 21,540

Amortization expenses were allocated base on the following service lives on a straight-line basis:

Computer software	2-5 years
Expertise	15years

XVIII. Other assets

	December 31, 2021	December 31, 2020
Tax overpaid retained for offsetting the future tax payable	$ 25,828	$ 21,871
Prepaid expenses and prepayments	162,922	66,348
Refundable deposits	34,620	33,030
Restricted assets (Note 6)	385,197	243,244
Others	66,886	32,367
	$ 675,453	$ 396,860
Current	$ 324,733	$ 188,677
Non-current	350,720	208,183
	$ 675,453	$ 396,860

XIX. Loan

(1) Short-term Borrowings

	December 31, 2021		December 31, 2020	
	Interest rate	amount	Interest rate	amount
Bank credit loan	0.85%~4.35%	$ 398,440	0.85%~1.60%	$ 500,000
Loans payable for usance L/Cs	0.68%~1.21%	196,977	0.64%~1.52%	310,164
Bank guaranteed loan	0.34%~5.10%	152,128	-	-
		$ 747,545		$ 810,164

Some of the bank credit loans of the merged company as of December 31, 2021 and 2020 were guaranteed by K Laser company, and some were jointly and severally guaranteed by Mr. Kuo Wei-Wu, chairman of K Laser company and Mr. Kuo Weibin, director of K Laser company.

The bank guaranteed loans of the consolidated company on December 31, 2021 are guaranteed by bank deposits, land and housing construction. Please refer to note 33.

(2) Short-term Notes and Bills Payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 160,000	$ 300,000
Less: Discount on short-term notes and bills payable	(52)	(83)
	$ 159,948	$ 299,917

Short-term notes and bills payable not due yet are as follows:

December 31, 2021

Guarantee / acceptance institution	Face amount	Discount amount	Carrying amount	Interest rate range
Commercial paper payable				
China Bills Finance Corp.	$ 50,000	$ 5	$ 49,995	0.978%
Mega Bills Finance Co., Ltd.	50,000	24	49,976	0.988%
International Bills Finance Corp.	30,000	9	29,991	0.958%
Dah Chung Bills Finance Corp.	30,000	14	29,986	0.950%
	$ 160,000	$ 52	$ 159,948	

December 31, 2020

Guarantee/acceptance institution	Face value	Discount	Book amount	Interest rate range
Commercial paper payable				
Taiwan Finance Corp.	$ 50,000	$ 6	$ 49,994	0.958%
China Bills Finance Corp.	50,000	7	49,993	0.978%
Mega Bills Finance Co., Ltd.	50,000	13	49,987	0.978%
International Bills Finance Corp.	50,000	29	49,971	0.938%
Ta Ching Bills Finance Corp.	50,000	21	49,979	0.978%
Dah Chung Bills Finance Corp.	50,000	7	49,993	0.978%
	$ 300,000	$ 83	$ 299,917	

(3) Current Portion of Long-term Liabilities

	December 31, 2021	December 31, 2020
Current portion of long-term loans	$ -	$100,000

(4) Long-term Borrowings

	December 31, 2021		December 31, 2020	
	Interest rate%	Amount	Interest rate%	Amount
Guaranteed loans				
Taipei Fubon Bank (Arranger of the syndicated loan)				
The period of mortgage loan is 2019 / 12 ~ 2022 / 12. The interest is paid quarterly and used in installments. It can be used circularly, but each use shall not exceed 6 months. It was fully paid off in advance in October 2021.	-	$ -	0.66	$ 400,000
Taipei Fubon Bank (Arranger of the syndicated loan)				
The period of mortgage loan is 2019 / 12 ~ 2022 / 12. The interest is paid monthly and used in installments. It can be used circularly, but each use shall not exceed 6 months. The principal shall be repaid in a lump sum upon maturity. It was fully paid off in advance in September 2021.	-	-	1.79	400,000
Hua Nan Bank				
For mortgage loan, the interest shall be paid monthly during the period from 2021 / 11 to 2023 / 11, and the principal shall be repaid at one time when due.	1.08	350,000	-	-
Loans without collateral				
JihSun Bank				
Credit loan, with a period of 2018 / 11 ~ 2020 / 11, the interest is paid monthly, and the principal is repaid once due. It has been extended since November 2020 and 2021, and the maturity date is November 2023.Part of the loan was repaid in March and November, 2021.	1.15	44,000	1.2	100,000
KGI Bank				
A credit loan for the period between November 2019 and November 2021, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from December 2020 with the maturity date in December 2022. It was fully paid off in advance in December 2021.	-	-	0.99	80,000
Taipei Fubon Commercial Bank				
Credit loan, with a period of 2021 / 12 ~ 2023 / 5, the interest is paid monthly, and the principal is repaid once due.	1.04	100,000	-	-
Taipei Fubon Bank				
A credit loan for the period between July 2018 and May 2020, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from May 2019 with the maturity date in May 2021. It was fully paid off in advance in March 2021.	-	-	1.47	50,000
Taipei Fubon Bank				
A credit loan for the period between June 2020 and May 2022, with interest to be paid every month, and principal to be repaid in full when due. It was fully paid off in advance in March 2021.	-	-	1.55	50,000

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(Continued)

	December 31, 2021		December 31, 2020	
	Interest rate%	Amount	Interest rate%	Amount
Chinatrust Commercial Bank				
A credit loan for the period between February 2019 and October 2020, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from August 2020 with the maturity date in August 2022. It was fully paid off in advance in March 2021.	-	$ -	1.22	$ 100,000
Yuanta bank				
Credit loan, with a period of 2021 / 7 ~ 2023 / 3, the interest is paid monthly, and the principal is repaid once due.	1.05	100,000	-	-
Yuanta Commercial Bank				
A credit loan for the period between March 2019 and March 2021, with interest to be paid every month, and principal to be repaid in full when due	-	-	0.95	100,000
E. Sun Bank				
A credit loan for the period between March 2020 and September 2021, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from October 2020 with the maturity date in October 2022. It was fully paid off in advance in March 2021.	-	-	1.23	50,000
Bank of Panhsin				
Credit loan, with a period of 2018 / 4 ~ 2020 / 4, the interest is paid monthly, and the principal is amortized quarterly from the 13th month. It was extended for 2 years from June 2019 and July 2020, and the maturity date was May 2022.It was fully paid off in advance in March 2021.	-	-	1.3	20,000
Cathay Pacific Bank				
Credit loan, period 2021 / 1 ~ 2022 / 10 , the interest is paid monthly and the principal is repaid in a lump sum when due. It is extended for 2 years from October 2021, and the maturity date is October 2023.	0.93	150,000	-	-
O-Bank				
Credit loan, period 2021 / 10 ~ 2023 / 10 , the interest is paid monthly and the principal is repaid in a lump sum when due.	1.19	50,000	-	-
Less: Current portion of long-term loans		-		(100,000)
		$ 794,000		$ 1,250,000

1. The participating loans sponsored by Taipei Fubon Commercial Bank is a joint loan contract signed by the company with 9 financial institutions in November 2019 in order to enrich working capital and repay corporate bonds, with a total credit line of NT $ 800,000,000.As of December 31, 2021, the actual amount of active allocation was NT $ 800,000,000.The participating loan was fully repaid in advance in October 2021.
   According to the provisions of the joint loan contract, the consolidated company shall maintain the following financial ratios in the consolidated company's annual consolidated financial statements before paying off all the debts of the contract:
   (1) Current ratio (i.e. the ratio of current assets to current liabilities) shall not be less than 100%.
   (2) Debt ratio (i.e. the ratio of total liabilities less cash and cash equivalents to tangible net worth) shall not be more than 100%.
   (3) Times interest earned (i.e. the ratio obtained from net profit before tax plus interest expense, depreciation and amortization divided by interest expense) shall not be less than 300%.
   (4) Tangible net worth shall not be less than NT$ 2,600,000 thousand.
2. The long-term loans listed above are the participating loans of Taipei Fubon Commercial Bank and Hua Nan Bank with the chairman of the company, Mr. Kuo Wei-Wu, as the joint guarantor, and the real estate, plant and equipment as collateral.

XX. Corporate bonds payable

	December 31, 2021
Debt components of the sixth domestic secured convertible corporate bonds	$ 552,053

On March 24, 2011, K Laser company issued 6000 new Taiwan dollar denominated secured convertible corporate bonds with a nominal amount of 101% and a nominal interest rate of 0%, with a total amount of 606 million.

(I) The conditions for the sixth domestic issuance of secured convertible corporate bonds by K Laser are as follows:
1. Issuance period: 5 years, from March 24, 2021 to March 24, 2026.
2. Denomination: NT $100 thousand
3. Place of issue and transaction: Domestic
4. Issue price: 101%
5. Total issue amount: NT $600 million
6. Coupon rate: 0%; Effective interest rate: 0.75%
7. Conversion right and subject matter: convert into ordinary shares of K Laser company according to the conversion price at the time of request.

8. Collateral: Bank pledged deposits of NT $173,277,000 and 10,000,000 ordinary shares of the subsidiary Optivision Technology.
9. Redemption and resale of bonds:
   (1) Redemption at maturity: after the issuance of this bond expires, the principal shall be repaid according to the face value.
   (2) Early redemption:
   K Laser company may, from the day following the issuance of the bonds for three months to 40 days before the expiration of the issuance period, if the closing price of K Laser company's common shares on the Taiwan Stock Exchange exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days, or the outstanding balance of this conversion company's bonds is less than 10% of the original issuance amount, K Laser company may, at any time thereafter, recover all bonds in cash according to the face value of the bonds.
   (3) Resale method:
   The bondholders can ask the optical group laser company to pay off in advance with 101.51% at the expiration of 3 years after the issuance of the bonds.
10. Conversion price and adjustment:
   The conversion price of this convertible corporate bond is set on March 16, 2021 as the base date for setting the conversion price, and the conversion price is calculated as NT $19.8 per share. After the issuance of the convertible corporate bonds, the conversion price shall be adjusted in accordance with the issuance and conversion measures of the convertible corporate bonds; On December 31, 2021, the conversion price was NT $18.3.

(2) The convertible corporate bonds include assets, liabilities and equity components, and the equity components are expressed in capital reserve stock option under equity; The constituent elements of assets are embedded derivative financial products, and the constituent elements of liabilities are listed as embedded derivative financial products and non-derivative financial liabilities respectively. The effective interest rate originally recognized for non-derivative financial liabilities is 0.75%.

Issue price (deduct transaction cost of NT $ 5.3 million)	$ 600,700
Equity component	(20,280)
Financial assets - redemption rights	960
Financial liabilities - resale option	(3,540)
Composition of liabilities on the issue date	577,840
Conversion of corporate bonds payable into ordinary shares	(29,152)
Interest at effective interest rate of 0.75%	3,365
Composition of liabilities as at December 31, 2021	$ 552,053

The changes in financial assets / liabilities of principal contract debt instruments, redemption rights and call backs in the year 2021 are as follows:

	Master contract debt instrument part	Financial assets - redemption right	Financial liabilities - resale right
Issue date	$ 577,840	$ 960	($ 3,540)
interest expense	3,365	-	-
Changes in fair value (profit or loss)	-	2,174	2,685
Conversion of corporate bonds payable into ordinary shares	(29,152)	-	-
Balance at December 31, 2021	$ 552,053	$ 3,134	($ 855)

The above balance of convertible corporate bonds is guaranteed by Taichung Commercial Bank Co., Ltd., and the consolidated company provides bank deposits as the guarantee of convertible corporate bonds. Mr. Kuo Wei-Wu, chairman of K Laser, is the joint guarantor. Please refer to Notes 6, 32 and 33

XXI. Other payables

	December 31, 2021	December 31, 2020
Salary payable	$ 137,552	$ 125,567
Interest payable	476	765
Pension payable	37,448	39,975
Remuneration payable to employees and directors and supervisors	29,800	27,895
Labor fee payable	2,014	4,325
Payable for equipment purchase	18,112	4,045
Dividend payable	-	596
Tax payable	45,242	29,206
Expenses payable	203,300	182,314
Other	42,793	1,209
	$ 516,737	$ 415,897

XXII. Retirement welfare plan

(1) Defined Contribution Plan

The pension system of the Labor Pension Act applicable to K Laser company and Optivision Technology in the merged company is a determined retirement plan managed by the government, and the pension is allocated to the individual account of the labor insurance bureau according to 6% of the employee's monthly salary.

The amounts allocated for the years ended December 31, 2021 and 2020 by the Group at the specific percent provided in the defined

contribution plan have been recognized as expenses in the amount of NT$13,283 thousand and NT$13,187 thousand respectively in the consolidated statement of comprehensive income.

(2) Defined Benefit Plan

The retirement pension system provided in the Labor Standards Act of the Republic of China, which is applicable to K Laser, a company in the Group, refers to the defined benefit plan. The retirement pension to an employee is computed based on the employee's service time and average wage of the 6 months immediately before the date of retirement approval. K Laser allocates the 2% of the monthly wages of an employee to be the employees' retirement funds and transfers it to Supervisory Committee of Business Entities' Labor Retirement Reserve. The committee then deposits it to the specific account with Bank of Taiwan in the name of the committee. If the balance of the specific account at the end of a fiscal year is estimated not to be enough to be paid to the employees who will meet the requirements of retirement in the next year, the difference will be allocated in full by the end of March in the next year. The specific account is entrusted to Bureau of Labor Funds, Ministry of Labor to manage. The Group has no right to influence its investment and management strategies.

Amounts for the defined benefit plan in the consolidated balance sheet are listed as follows:

	December 31, 2021	December 31, 2020
Present value of a defined benefit obligation	$ 46,013	$ 44,619
Fair value of plan assets	(25,855)	(25,731)
Net defined benefit liabilities	$ 20,158	$ 18,888

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1, 2020	$ 49,662	($ 24,164)	$ 25,498
Service cost			
Current service cost	488	-	488
Interest expense (income)	372	(184)	188
Recognized in profit (loss)	860	(184)	676
Remeasurements			
Return on plan assets	-	(783)	(783)
Actuarial losses- Changes in demographic assumptions	843	-	843
Actuarial losses— Changes in financial assumptions	989	-	989
Actuarial losses— Experience adjustments	(1,285)	-	(1,285)
Recognized in other comprehensive income (loss)	547	(783)	(236)
Employer's contributions	-	(600)	(600)
Benefit payment	(6,450)	-	(6,450)
Balance at December 31, 2020	44,619	(25,731)	18,888

(Continued)

(Continued)

	Determine the present value of welfare obligations	Fair value of plan assets	Net defined benefit liabilities
Service cost			
Current service cost	$ 459	$ -	$ 459
Interest expense (income)	223	(130)	93
Recognized in profit or loss	682	(130)	552
Re-measurement			
Return on planned assets	-	(323)	(323)
Actuarial losses - changes in demographic assumptions	1,443	-	1,443
Actuarial losses - changes in financial assumptions	(509)	-	(509)
Actuarial loss - Empirical adjustment	686	-	686
Recognized in other comprehensive profit or loss	1,620	(323)	(1,297)
Employer appropriation	-	(579)	(579)
Welfare payment	(908)	908	-
Balance at December 31, 2021	$ 46,013	($ 25,855)	$ 20,158

The amounts with respect to the defined benefit plan recognized in profit (loss) are compiled by functions as follows:

	2021	2020
By functions:		
Operating cost	$ 210	$ 256
Selling and marketing	82	97
General and administrative	200	253
R&D expense	60	70
	$ 552	$ 676

The Group is exposed to the following risks with respect to the retirement pension system provided by the Labor Standards Act.

1. Investment Risk: Bureau of Labor Funds, Ministry of Labor invests the labor pension fund by itself or through an agent in domestic (foreign) domestic equity securities and debt securities, bank deposits and other subject matters. However, the distributable amount of the Company's plan assets is the income calculated at an interest rate not inferior to that announced by the local bank for 2-year time deposits.
2. Interest Rate Risk: Interest rates for government bonds are reduced so that the present value of defined benefit obligations increases. However, the return on debt investments with respect to plan assets increases accordingly. Both offset the impact on the net defined benefit liabilities partially.
3. Wage Risk: The present value of defined benefit obligations is calculated by taking future wages of plan members into account. Thus the increase in wages of plan members will result in an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of the Group is calculated by a qualified actuary. Material assumptions on the measurement date are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.50%
Expected rate of wage increments	2.00%	2.00%

In case of a reasonable and possible change in any material actuarial assumption, the increase (decrease) in the present value of defined benefit obligations on the premise that other assumptions remain unchanged is as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increased by 0.25%	($ 1,025)	($ 1,009)
Decreased by 0.25%	$ 1,064	$ 1,049
Expected rate of wage increments		
Increased by 0.25%	$ 1,034	$ 1,016
Decreased by 0.25%	($ 1,001)	($ 983)

The aforementioned sensitivity analysis may probably not reflect actual changes in the present value of defined benefit obligations as actuarial assumptions may correlate mutually and changes in only one assumption are not quite possible.

	December 31, 2021	December 31, 2020
Amount expected to be contributed in one year	$ 556	$ 579
Average expiration period of defined benefit obligations	11.03 years	11.50 years

XXIII. Rights and interests

(1) Capital Stock

Common Shares

	December 31, 2021	December 31, 2020
Authorized number of shares (Thousand shares)	300,000	200,000
Authorized capital stock	$ 3,000,000	$ 2,000,000
Number of issued and paid-in shares (Thousand shares)	165,969	159,325
Capital stock issued	$ 1,659,694	$ 1,593,246

Common shares are issued with par value NT$10. A shareholder is entitled to one vote for each share the shareholder holds and has the right to receive dividends.

K Laser company issued 5 million new shares of RSA and 1.644 million ordinary shares converted from corporate bonds in 2021, with a par value of NT $ 10 per share.

(2) Capital Reserve

	December 31, 2021	December 31, 2020
Used to make good of loss, distribute cash or appropriate to be capital stock (1)		
Additional paid-in capital in excess of par - common shares	$ 467,997	$ 454,275
Transactions of treasury shares	28,216	28,216
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	93,210	69,189
Used to make good of losses only (2)		
Recognized changes in ownership interest in subsidiaries	61,961	33,667
Not used for any purpose		
Stock option	19,262	-
RSA	38,913	-
	$ 709,559	$ 585,347

1. Such capital reserve may be used to make good of loss and may be used to distribute cash or expand capital stock when the company has not loss; however, the amount used to expend capital stock is limited to a certain percentage of the paid-in capital.
2. Such capital reserve is either the equity transaction effect recognized for changes in the equity of the subsidiary or the capital surplus adjustment of the subsidiary accounted for using the equity method when the Company does not acquire or dispose the equity in the subsidiary, and shall be used only to make good of loss.

(3) Retained Earnings and Dividend Policies

In accordance with the earnings distribution policy of the articles of association of K Laser, the earnings, if any, at the final settlement of each season, shall be used to pay tax, make good of the previous year's loss and cover the retained employees' remuneration. Then the 10% of the rest of the earnings is allocated as legal reserve (however, no legal reserve shall be allocated if it reaches the amount of the total capital of the Company). Special reserve shall be allocated or reversed in accordance with regulations or as required by the competent authority. In case of any earnings left, the remaining earnings plus each season's accumulated undistributed earnings are accumulated and distributable earnings, for which the board of directors may prepare a proposal of earning distribution. The aforementioned earnings are distributed by issuing new shares and shall be distributed after being resolved at the shareholders' meeting. In case that the earnings are distributed in cash, the earning distribution is adopted only when more than two-thirds of directors shall appear at the meeting and more than a half of directors present approve. Then the approved earning distribution is reported at the shareholders' meeting. For the remuneration distribution policy of employees and directors, please refer to note 25.

K Laser allocated special reserve based on the approval letters with Ref. No. 1010012865, Ref. No. 1010047490 and Ref. No. 1030006415 issued by the Financial Supervisory Commission and pursuant to the rules provided in the Questions and Answers Applicable to Special Reserve Allocated After Implementation of International Financial Reporting Standards (IFRSs). When the balance of the subtrahend under other shareholders' equity is reserved, earnings may be distributed for the reserved part.

Legal reserve shall be allocated until the balance thereof reaches the total paid-in capital of the company. Legal reserve may be used to make good of loss. When the company has no loss, the portion of legal reserve in excess of 25% of paid-in capital can be used to expand capital stock or be distributed in cash.

K Laser held a general meeting of shareholders on May 28, 2020 and adopted the resolution of earning distribution for the year 2019 as follows:

The board of directors of K Laser Company held a meeting on March 23, 2021 and resolved that the profit distribution plan for 2020 is as follows:

	Earning distribution	Dividend per share (NTD)
	2020	2020
Legal reserve	$ 12,894	$ -
Special reserve	$ 116,501	-
Cash dividends	$ 144,220	0.96

The above cash dividends were distributed by the resolution of the board of directors on March 23, 2021, and the remaining surplus distribution items were also approved by the resolution of the ordinary meeting of shareholders on July 2, 2021.

The company's 2021 year quarterly earnings distribution plan and cash dividend per share have been respectively resolved by the board of directors as follows:

	Quarter 4, 2021	Quarter 2 of 2021
Resolution date of the board of directors	March 24, 2022	August 10, 2021
Legal reserve	$ 12,929	$ 23,321
special surplus reserve	($ 62,397)	$ 74,430
Cash dividends	$ 182,115	$ 81,124
Cash dividend per share (NT $)	1.20	0.54

The remaining items of surplus distribution in 2021 years have yet to be resolved at the ordinary meeting of shareholders expected to be held on May 27, 2022.

(4) Other Equity

1. Exchange differences on translation of foreign financial statements:

	2021	2020
Beginning balance	($ 287,085)	($ 278,472)
Exchange differences arising on translating net assets of foreign operations	(83,945)	(7,002)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(2,332)	(1,872)
Disposal of partial equity in subsidiaries	117	261
Ending balance	($ 373,245)	($ 287,085)

Exchange differences arising on translating the net assets of foreign operations in the functional currency to those in the presentation currency used by the Group (i.e. NTD) are recognized directly as other comprehensive income (loss) and accumulated in exchange differences on translation of foreign financial statements. The previously accumulated exchange differences on translation of foreign financial statements are reclassified as profit or low upon disposal of the foreign operations.

2. Unrealized Gains (Losses) on Financial Assets at FVTOCI

	2021	2020
Beginning balance	($ 30,403)	($ 33,033)
Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(229)	1,632
Disposal of partial equity in subsidiaries	(8)	998
Ending balance	($ 30,640)	($ 30,403)

Investments in equity instruments at FVTOCI are measured at fair value. Changes in fair value are subsequently listed in other comprehensive income (loss) and accumulated in other equity. Upon disposal of investments, the accumulated gain (loss) is transferred directly to retaining earnings and will not be reclassified as profit (loss).

3. Unpaid employees' award

The shareholders' meeting of the company decided to issue new shares with restricted employee rights on July 2, 2021. Please refer to note 28.

	Year 2021	Year 2020
Opening balance	$ -	$ -
Current issue	(88,913)	-
Basic payment expenses of recognized shares	16,040	-
Ending balance	($ 72,873)	$ -

(5)Non-controlling interest

	Year 2021	Year 2020
Opening balance	$ 1,424,774	$ 842,432
Shares attributable to non-controlling interests		
Current net (loss) profit	(21,651)	46,730
Exchange differences in the translation of financial statements of foreign operating institutions	(12,428)	(2,184)
Unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss	(4,258)	10,985
New in current period	134,584	475,815
Obtained by company merge	189,827	-
Partial interests of subsidiaries	19,212	44,925
Acquisition of non-controlling interests in subsidiaries	(1,484)	(14,033)
Dividends paid by subsidiaries	(72,945)	(6,689)
Subsidiaries sell (hold) shares of the parent company	-	26,390
Repurchase of treasury shares by subsidiaries	(69,230)	-
Other	3,135	403
Ending balance	$ 1,589,536	$ 1,424,774

(6) Treasury stock

1. Information of changes in treasury shares is as follows:

Unit: Share

Year 2021				
Reasons for shareholding	Number of shares at the beginning of the period	Increase in current period	Decrease in current period	Number of shares at the end of the period
Transfer of shares to employees	9,095,000	-	-	9,095,000
Protect the company's credit and shareholders' rights and interests	-	1,181,000	-	1,181,000
	9,095,000	1,181,000	-	10,276,000

2020				
Reason of possessing shares	Number of shares at the beginning of the year	Increase in the year	Decrease in the year	Number of shares at the end of the year
Shares transferred to employees	6,000,000	6,000,000	(2,905,000)	9,095,000
Shares of the parent company possessed by subsidiaries	2,750,000	-	(2,750,000)	-
	8,750,000	6,000,000	(5,655,000)	9,095,000

2. According to Article 28-2 of the Securities and Exchange Act, The number of shares bought back by a company shall not exceed 10% of the total number of issued and outstanding shares of the company. The total amount of the shares bought back shall not exceed the sum of retained earnings, premium on capital stock and realized capital reserve. The treasury shares held by the Group in accordance with Securities and Exchange Act shall not be pledged and shall not be attached with any right to distributed dividends or voting. The K Laser shares possessed by its subsidiaries are deemed as treasury shares, the rights attached to which are the same as those attached to general shares, except that treasury shares do not entitle their holders to participate in any seasoned equity offering conducted by K Laser or have the voting right.
3. 3,095,000 shares transferred to employees were cancelled on February 14, 2022.

XXIV. Operating income

	2021	2020
Holographic income	$ 3,939,891	$ 3,314,272
Photoelectric income	1,731,887	1,840,501
Revenue from optical instruments	469,568	284,060
Other income	4,944	397
	$ 6,146,290	$ 5,439,230

XXV. Net profit of continuing business units

Employee Benefit Expense and Depreciation and Amortization Expenses

	Year 2021			
	Operating costs	Operating expenses	Non-operating expenses and losses	Total
Short-term employee benefits	$ 429,532	$ 417,371	$ -	$ 846,903
Post-employment benefits	$ 6,625	$ 7,210	$ -	$ 13,835
Termination benefits	$ 199	$ 59	$ -	$ 258
Other employee benefits	$ 12,217	$ 13,189	$ -	$ 25,406
Depreciation expense				
Depreciation of property, plant and equipment	$ 105,886	$ 65,268	$ 1,279	$ 172,433
Depreciation of right of use assets	31,398	19,772	313	51,483
	$ 137,284	$ 85,040	$ 1,592	$ 223,916
Amortization expense	$ 203	$ 5,760	$ -	$ 5,963

	2020			
	Operating cost	Operating expenses	Non-operating expenses and losses	Total
Short-term employee benefits	$ 365,461	$ 384,754	$ -	$ 750,215
Post-employment benefits	$ 6,124	$ 7,739	$ -	$ 13,863
Termination benefits	$ 145	$ 19	$ -	$ 164
Other employee benefits	$ 5,464	$ 12,429	$ -	$ 17,893
Depreciation expense				
Depreciation of property, plant and equipment	$ 109,958	$ 66,837	$ 1,461	$ 178,256
Depreciation of right of use assets	27,183	25,822	313	53,318
	$ 137,141	$ 92,659	$ 1,774	$ 231,574
Amortization expense	$ 214	$ 4,814	$ -	$ 5,028

K Laser allocates employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate from 4% to 8% and at a rate no more than 2% respectively in accordance with the articles of incorporation. The staff remuneration and directors' remuneration assessed in 2021 and 2020 were resolved by the board of directors on March 24, 2022 and March 23, 2021 respectively as follows:

Estimated Percentage

	2021	2020
Employees' remuneration	6%	8%
Directors' remuneration	1.5%	2%

Amounts

	2021		2020	
	Cash	Stock	Cash	Stock
Employees' remuneration	$ 23,840	$ -	$ 13,370	$ -
Directors' remuneration	5,960	-	3,342	-

If any amount is changed after the date when the annual consolidated financial report is announced, then such change is treated as a change in accounting estimate and entered into the account for the following year after adjustment.

The board of directors of the consolidated company held on March 30, 2020 and passed a resolution that the remuneration of employees and directors will not be distributed due to losses in 2019.

There is no difference between the actual distribution amount of employee remuneration and director remuneration in 2020 and the amount recognized in the consolidated financial report in 2020.

For information on the remuneration of employees and directors decided by the board of directors of the K Laser company, please go to the "public information observatory" of the TWSE.

XXVI. Income tax of continuing business units

(1) Income Tax Recognized in Profit or Loss

The income tax expense mainly comprises the items listed as follows:

	2021	2020
Current income tax		
Incurred for the current year	$ 70,826	$ 47,949
Adjustment of the previous year	(7,113)	(13,373)
Others	-	(10)
Deferred income tax		
Incurred for the current year	3,283	6,396
Income tax expense recognized in profit or loss	$ 66,996	$ 40,962

The accounting income and the income tax expense are reconciled as follows:

	2021	2020
Profit (loss) before tax of continuing operations	$ 409,070	$ 232,101
Income tax expense computed based on the net profit before tax at the legal tax rate	$ 137,104	$ 104,233
Investment interests recognized by equity method	(45,429)	(40,425)
Investment gain recognized by using the equity method	22,400	52,100
Dividend income from foreign investments	-	(500)
Disposal of foreign equity investment interests	(23,900)	
The invested company reduces its capital to make up for its losses	-	(25,500)
Tax withheld from foreign dividend income	(9,900)	(17,900)
Deferred income tax assets not recognized in the previous period but used in the current period	633	(3,978)
Used loss carry forwards not recognized for the previous year	(7,971)	(19,989)
Current adjustment of the income tax expense of the previous year	(7,113)	(13,373)
Others	1,172	6,294
Income tax expense recognized in profit (loss)	$ 66,996	$ 40,962

The tax rate applicable to entities subject of consolidated company to the income tax law of the Republic of China is 20%.The tax rate applicable to subsidiaries in China is 25%; The tax generated in other jurisdictions is calculated at the tax rate applicable in each relevant jurisdiction.

(2) Current Tax Assets and Liabilities

	December 31, 2021	December 31, 2020
Current tax assets		
Tax refund receivable	$ 12,413	$ 7,552
Current tax liabilities		
Income tax payable	$ 15,768	$ 13,559

(3) Deferred Tax Assets and Liabilities

	December 31, 2021	December 31, 2020
Deferred tax assets		
Temporary difference	$ 20,000	$ 15,094
Loss carry forwards	-	6,000
Deferred tax assets	$ 20,000	$ 21,094

(4) Information relevant to the loss carry forwards not recognized as of December 31, 2020 is as follows:

Balance not carried forward	Last year for carried forward
$ 30,006	2022
4,634	2023
2,620	2026
13,149	2029
$ 50,409	

(5) Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by K Laser as of 2019 (inclusive) have been assessed by the tax authority.

XXVII. Earnings per share

The numerator and denominator used to calculate earnings per share are disclosed as follows:

	2021			2020		
	Amount (Numerator) Attributed to shareholders of the Company; after tax	Number of shares (Thousand Shares) (Denominator)	Earnings per share (NTD) Attributed to shareholders of the Company; after tax	Amount (Numerator) Attributed to shareholders of the Company; after tax	Number of shares (Thousand Shares) (Denominator)	Loss per share (NTD) Attributed to shareholders of the Company; after tax
Basic earnings per share						
Current net profit (loss) attributed to shareholders of common shares	$ 363,725	150,243	$ 2.42	$ 144,409	150,947	$ 0.96
Impact of potential common shares with dilutive effect						
Convertible corporate bonds	2,692	18,825		-	-	
Employees' remuneration		1,086		-	686	
RSA	-	737		-	-	
Diluted earnings per share						
Current net profit attributed to shareholders of common shares	$ 366,417	170,891	$ 2.14	$ 144,409	151,633	$ 0.95

If the Company chooses to distribute employees' remuneration by stock or cash, then for calculation of diluted earnings per share, employees' remuneration is assumed to be distributed by stock and the weighted average number of common shares is included when potential common shares have dilutive effect. When calculating diluted earnings per share before the number of shares distributed as employees' remuneration is resolved at the shareholders' meeting in the next year, the Company shall continue to consider dilutive effect of the potential common shares.

XXVIII Share-based payment agreement

(1) RSA

On July 2, 2021, the shareholders' meeting of K Laser company decided to issue RSA, with a total amount of NT$ 50,000,000 and a total of 5,000,000 shares. After being reported and effective by the FSC on July 28, 2021, it will adopt one-time reporting and issuance.

1. The rights of employees who have not met the acquired conditions after being allocated new shares are as follows:
   (1) Except for inheritance, the RSA shall not be sold, pledged, transferred, given to others, encumbered, or disposed of in other ways.
   (2) The rights to attend, propose, speak, put to vote and vote at the shareholders' meeting shall be the same as the ordinary shares issued by the company, and shall be implemented in accordance with the trust custody contract.
   (3) There is no right of surplus distribution (including but not limited to: stock dividend, dividend, statutory reserve and capital reserve distribution right) and stock option for cash capital increase.
   (4) If the cash is returned due to the cash reduction handled by the company, the capital reduction refund not obtained due to the allocation shall be delivered to the trust, and shall be delivered to the employees without interest together with the acquired shares when the acquired conditions and time limit are reached; However, if the acquired conditions are not met within the expiration period, the company will recover the cash.

(2) For the RSA issued by K Laser, the employees who are assigned to remain in office for 1 to 5 years from the giving date (i.e. August 10, 2021) and achieve the operating objectives set by the company can obtain 15%, 15%, 20%, 20% and 30% respectively. If the acquired conditions are not met during the period, the RSA in that year will not recover and continue to deliver it to the trust for custody. After reaching the operating objectives set by the company in the fifth year, it can still be acquired in full.

3. The basic payment of equity settlement shares to employees is measured by the fair value of equity instruments on the day of giving.
4. In case of failure to meet the acquired conditions, voluntary resignation, dismissal, dismissal or violation of the issuance rules,

the company will recover the unacquired shares free of charge and cancel them.

As of December 31, 2021, the relevant information of RSA is as follows:

	December 31, 2021
	Number of shares (thousand)
Outstanding at the beginning of the period	-
Current grant	5,000
Outstanding at the end of the period	5,000

The remuneration costs recognized in the year 2021 were all NT$ 1,604,000.

(2) Employee Stock Option

Optivision Technology, a subsidiary of the Company, resolved at its board meeting on November 3, 2017 to issue employee stock warrants in accordance with Article 167 of the Company Act. A total of 1,000 thousand units were issued. Each unit of stock warrants entitled its holder to subscribe for 1 common share. The price of each subscribed share was NT$22. Optivision Technology would issue new shares to give the shares to subscribers. Upon completion of 2 years after obtaining stock warrants, employees may exercise the stock option to subscribe for up to 50% of the shares as provided for stock warrants. Upon completion of 3 years after obtaining stock warrants, they may exercise the stock option to subscribe for up to 75% of the shares as provided for stock warrants. Upon completion of 4 years after obtaining stock warrants, they may exercise the stock option to subscribe for all of the shares as provided for stock warrants. The stock option survives for 6 years. If an employee fails to exercise the stock option in the period, the employee shall be deemed to have waived the stock option. Optivision Technology issued all employee stock warrants on May 10, 2018. In case of ex-rights, ex-dividends, seasoned equity offering or cash capital reduction, the subscription price is adjusted based on the formula. As of December 31, 2021, the outstanding employee stock warrants could be used to subscribe for 339 thousand units at the subscription price NT$19.3.

Information relevant to employee stock options is as follows:

	2021		2020	
Employee stock option	Number of shares available for subscription (Thousand shares)	Weighted average exercise price (NTD)	Number of shares available for subscription (Thousand shares)	Weighted average exercise price (NTD)
Outstanding at the beginning of the year	412	$20.2	828	$20.7
Current execution	(43)	19.3~20.2	(311)	20.2~20.7
Current resignation invalid	(30)	19.3~20.2	(105)	20.7
Outstanding at the end of the year	339	19.3	412	20.2
Exercisable at the end of the year	166	19.3	51	20.2

Information relevant to the employee stock options outstanding as of the balance sheet date is as follows:

	Share options outstanding as of the balance sheet date			Exercise options now available	
	Number of outstanding shares (thousand shares)	Weighted average expected remaining duration (years)	Weighted average exercise price (NT $)	Number of exercisable employee stock options (thousand shares)	Weighted average exercise price (NT $)
2021	339	2.35	$ 19.3	166	$ 19.3
2020	412	3.35	$ 20.2	51	$ 20.2

The employee stock options granted by Optivision Technology on May 10, 2018 were evaluated base on the Black-Scholes model. The input values used in the evaluation model are as follows:

Stock price on the grant date	NT$22
Exercise price	NT$22
Expected ratio of stock price fluctuation	49.56%
Expected duration	4~5 years
Expected dividend rate	0 %
Risk-free interest rate	0.68~0.73%

The remuneration cost recognized for the years ended December 31, 2021 and 2020 was NT$535 thousand and NT$1,081 thousand respectively.

(3) Employee Stock Option Plan for Seasoned Equity Offering

Optivision Technology, a subsidiary of the Company, was approved by Securities and Futures Bureau, FSC on November 30, 2020 to issue 10,000 thousand shares for its seasoned equity offering. The board of directors resolved to retain 15% of the issued shares for employees to subscribe. The number of shares retained for employees to subscribe and the subscription price were confirmed on December 21, 2020. Optivision Technology recognized the remuneration cost NT$8,220 thousand on the grant date at the fair value computed based on the option evaluation model Black-Scholes.

1. The share-based payment arrangement of Optivision Technology as of December 31, 2020 is as follows:

Type of agreement	Grant date	Quantity granted	Vesting conditions
Shares from seasoned equity offering retained for employees to subscribe	2020.12.21	1,500 thousand shares	Vesting immediately

2. Optivision Technology used the option evaluation model Black-Scholes to calculate fair value for employee stock options with respect to seasoned equity offering on the grant date, that is to say, December 21, 2020. Relevant information is as follows:

Stock price on the grant date (NTD)	Exercise price (NTD)	Expected ratio of stock price	Expected duration	Expected dividend rate	Risk-free interest rate	Fair value per share (NTD)

		fluctuation				
$74.3	$70	70.98%	7 days	0.00%	0.19%	$5.48

XXIX. Business combination

(1) The consolidated company purchased 31.75% of the equity of Xinguang Laser Co., Ltd., an affiliated enterprise originally evaluated by the equity method, from Sunderray Investment Holding Co., Ltd. through its subsidiary treasure access limited in October 2021. After obtaining it, the shareholding ratio of the consolidated company increased to 65% and gained control power. It was included in the consolidated individual since October 2021.

Transfer Pricing

	Amount
Cash	$ 172,200
Fair value of the shares possessed originally	180,335
	$ 352,535

(2) Amounts of Assets Acquired and Liabilities Assumed on the Acquisition Date

	Xinguang Laser
Current assets	
Cash	$ 36,947
Trade receivables and notes receivable	245,435
Other receivables	644
Inventories	90,798
Other current assets	31,047
Non-current assets	
Fixed assets	225,777
Right of use assets	79,370
Other non-current assets	15,984
Current liabilities	
Short-term borrowings	(94,710)
Trade payables and notes payable	(68,165)
Other payables	(16,305)
Other current liabilities	(4,460)
Ending balance	$ 542,362

(3) Non-controlling Interests

The non-controlling interests of Xinguang Laser are measured by the fair value of the non-controlling interests on the acquisition date of NT $ 189,827,000, which is estimated by the identifiable net asset value method on the acquisition date.

(4) Goodwill Generated from Acquisition

	Xinguang Laser
Transfer pricing	$ 352,535
Add: Non-controlling interests	189,827
Less: Fair value of identifiable net assets available	(542,362)
Amount of goodwill arising from acquisition	$ -

(5) Net Cash Inflow from Acquisition of Subsidiaries

	Xinguang Laser
Balance of cash from acquisition of subsidiaries	$ 172,200
Less: cash balance obtained from subsidiaries	(36,947)
	$ 135,253

XXX. Capital risk management

The Group manages capital risk to ensure that it has necessary financial resources and business plans to cover any working capital, capital expenditure, research and development, debt repayment and dividend payment required in the following 12 months.

XXXI. Financial instruments

(1) Information of Fair Value － Financial Instruments Not Measured at Fair Value

The management of the Group believes that the book amounts of the financial assets and financial liabilities not measured at fair value are still close to fair value.

(2) Information of Fair Value-Financial Instruments Measured at Fair Value

1. Hierarchy of Fair Value

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ -	$ 3,134	$ 3,134
Financial assets measured at fair value through other comprehensive profit or loss				
Equity instrument investment				
- foreign unlisted (counter) ordinary shares	$ -	$ -	$ 66,063	$ 66,063
- domestic unlisted (counter) ordinary shares	-	-	29,982	29,982
	$ -	$ -	$ 96,045	$ 96,045

(Continued)

(continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ -	$ 855	$ 855

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Fund trust certificate	$ 27,150	$ -	$ -	$ 27,150
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
—Foreign common shares not listed (OTC)	$ -	$ -	$ 82,011	$ 82,011
—Domestic common shares not listed (OTC)	-	-	36,233	36,233
	$ -	$ -	$ 118,244	$ 118,244

2. There was no transfer between level 1 and level 2 fair value measurements in 2020 and 2019.
3. For the financial assets with Level 3 changes in fair value, there was no adjustment except the changes in fair value recognized in other comprehensive income or loss.
4. Valuation technique and input value measured at level 3 fair value

Category of financial instrument	Valuation technique and input value
Domestic and foreign investments in non-listed(non-OTC) equity	Market approach: Make adjustments based on the price-to-earning ratio and market price/net worth of the investee company at fair value of a observable, comparable company at the end of the year.
Derivative instruments	Binary tree convertible bond evaluation model: to measure the duration of corporate bonds, the stock price and fluctuation of the underlying stock of convertible bonds, conversion price, risk-free interest rate, risk discount rate and liquidity risk of convertible bonds.

(3) Type of Financial Instrument

	December 31, 2021	December 31, 2020
Financial assets		
At amortized cost		
Cash and cash equivalents	$ 2,128,842	$ 2,629,811
Notes receivable and trade receivables (including those from related parties)	1,586,785	1,561,818
Other receivables	25,710	58,048
Refundable deposits	34,620	33,030
Restricted assets (current & non-current)	385,197	243,244
Financial assets at fair value through profit or loss－current	3,134	27,150
Financial assets at fair value through other comprehensive income－non-current	96,045	118,244
Financial liabilities		
At amortized cost		
Short-term borrowings	747,545	810,164
Short-term notes and bills payable	159,948	299,917
Notes payable and trade payables (including those to related parties)	911,219	808,053
Other payables (including those to related parties)	516,854	417,650
Long-term borrowings (including current portion thereof)	794,000	1,350,000
Corporate bonds payable	552,053	-
Financial liabilities at fair value through profit or loss - non-current	855	-

(4) Purpose and Policy of Financial Risk Management

The consolidated company's main financial instruments include equity and debt investments, accounts receivable, accounts payable, other receivables, other payables, loans and corporate bonds payable. Financial management departments of the Group provide service for each business, master and coordinate operations in domestic and international financial markets, and supervise and manage the financial risks relevant to business operation based on the level and extent of each risk and the internal risk report that analyzes risk exposure. Such risks include market risk, credit risk and liquidity risk.

1. Market Risk

Main market risks assumed by the Group for its operating activities are exchange rate risk and interest rate risk.

The Group does not change the methods that it has adopted to manage and measure risk exposure with respect to market risk for financial instruments.

(1) Currency Risk

The Group manages the exchange risk generated from its foreign currency transactions by using forward exchange agreements to manage the risk within the scope permitted by the Procedure of Treating Transactions of Derivatives.

Refer to Note 35 for book amounts of monetary assets and monetary liabilities of the Group in non-functional currencies on the balance sheet date.

The sensitivity analysis conducted by the Group only includes outstanding foreign currency monetary items, and the amounts in foreign currencies are converted at the exchange rate plus 1% of appreciation against the NTD at the end of the year to adjust the increase in the profit before tax. In case of 1% of depreciation, the impact on the profit before tax will be a negative value of the same amount.

	Effect of USD		Effect of Japanese Yen		Effect of CNY	
	2021	2020	2021	2020	2021	2020
Effect on profit and loss	$ 9,964	$ 9,072	($ 1,125)	($ 2,131)	$ 7,909	$ 7,354

(2) Interest Rate Risk

Interest rate risk of the Group mainly comes from floating-rate time deposits and loans.

The book amounts of financial assets and financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2021	December 31, 2020
With cash flow interest rate risk		
Financial assets	$ 204,314	$ 105,698
Financial liabilities	863,612	1,439,085

The sensitivity analysis for interest rate risk is based on changes in fair value of floating-rate financial assets and liabilities at the end of the financial reporting period. If the interest rate rises by a percentage point, then the cash outflow of the Group would increase by NT$6,593 thousand and by NT$13,334 thousand respectively for the years ended December 31, 2021 and 2020.

2. Credit Risk

Credit risk refers to the risk incurred when the counterparty to the transaction delays contractual obligations and thus causes financial loss of the Group.

The Group requires the counterparty to an important transaction to provide a collateral or any other guarantee, so the Group is able to reduce credit risk effectively. The management of the Group has designated a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Group reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Group believes that the Group's credit risk has significantly reduced.

3. Liquidity Risk

The working capital of the Group is sufficient, so there is no liquidity risk from its being unable to raise funds to perform contractual obligations.

(1) The non-derivative financial liabilities to be repaid by the Group as scheduled are due and repayable as follows:

	December 31, 2021			
	Less than 1 year	2 ~ 3 years	More than 3 years	Total
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 1,428,073	$ -	$ -	$ 1,428,073
Lease liabilities	44,974	37,730	133,375	216,079
Floating rate liabilities	69,612	794,000	-	863,612
Fixed rate liabilities	837,881	-	552,053	1,389,934
	$ 2,380,540	$ 831,730	$ 685,428	$ 3,897,698

	Less than 3 years	3-5 years	5 ~ 10 years	Over 10 years
Lease liabilities	$ 82,704	$ 46,611	$ 58,926	$ 27,838

	December 31, 2020			
	Less than 1 year	2～3 years	Over 3 years	Total
Non-derivative financial liabilities				
Liabilities without interest	$ 1,225,703	$ -	$ -	$ 1,225,703
Lease liabilities	50,821	45,298	161,193	257,312
Floating rate liabilities	189,085	1,250,000	-	1,439,085
Fixed rate liabilities	1,020,996	-	-	1,020,996
	$ 2,486,605	$ 1,295,298	$ 161,193	$ 3,943,096

	Less than 3 years	3～5 years	5～10 years	More than 10 years
Lease liabilities	$ 96,119	$ 65,174	$ 57,463	$ 38,556

(2) Financing limit

	December 31, 2021	December 31, 2020
Unsecured bank loan commitment		
-Used in the credit line	$ 1,199,417	$ 1,660,164
-Unused in the credit line	1,875,463	786,676
	$ 3,074,880	$ 2,446,840
Secured bank loan commitment		
- Used in the credit line	$ 502,128	$ 800,000
- Unused in the credit line	707,740	-
	$ 1,209,868	$ 800,000
Amount of secured corporate bonds		
- amount used	$ 600,000	$ -
- unspent amount	20,000	-
	$ 620,000	$ -

XXXII. Related party transactions

Transactions, account balances, incomes and expenses among K Laser and Subsidiaries (i.e. related parties of K Laser) have been eliminated completely upon business combination, so they are not disclosed in the Notes.

Transactions between the Group and other related parties are as follows:

(1) Name of each Related Party and Relationship with the Related Party

Name of related party	Relationship with the Group
Dongguan City Guangzhi Photoelectric Co., Ltd.	Other related parties, who have not been related parties since November 2021 (the chairman of Optivision Technology, a subsidiary of the original consolidated company, served as the director of the parent company of the company)
Hunan Heshuo Packaging Materials Co., Ltd.	One of other related parties
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	An associate evaluated by using the equity method
Xinguang Laser Co., Ltd.	Affiliated enterprises evaluated by equity method (consolidated subsidiaries since October 1, 2021)
Hunan Hexin Packaging Materials Co., Ltd.	An associate evaluated by using the equity method
Boxlight Corporation	An associate evaluated by using the equity method (transferred to assets held for sale in March 2020)
Kuo Wei-Wu	Chairman of K Laser
Kuo Wei-Pin	Director of K Laser

(2) Operating Transactions

	2021	2020
Sale		
Other related parties		
Dongguan Guangzhi Photoelectric Co., Ltd.	$ 830,821	$ 1,205,671
Associates	1,181	9,916
	$ 832,002	$ 1,215,587
Purchase		
Other related parties	$ 429	$ 5,041
Associates	263,677	198,376
	$ 264,106	$ 203,417
Manufacturing expenses		
Associates	$ 10,716	$ 10,301
Operating expenses		
Associates	$ 3,821	$ 3,033
Interest income		
Associates		
Hunan Hexin Packaging Materials Co., Ltd.	$ 728	$ 913
Other incomes		
Affiliated Enterprises	$ 1,716	$ 592

There is no material difference between the transaction terms provided for the related parties and those provided for general customers.

(3) The outstanding balance as of the balance sheet date is as follows:

	December 31, 2021	December 31, 2020
Trade receivables from related parties		
Other related parties		
Dongguan Guangzhi Photoelectric Co., Ltd.	$ 195,300	$ 676,582
Associates	-	61,124
	195,300	737,706
Less: Loss allowance	(6,250)	(67,300)
	$ 189,050	$ 670,406

(to be continued)

(continued)

	December 31, 2021	December 31, 2020
Notes payable and trade payables to related parties		
Other related parties		
Xinguang Laser	$ -	$ 40,489
Others	3,709	1,472
Other related parties:	-	1,574
	$ 3,709	$ 43,535
Other receivables (not including loans)		
Other related parties	$ -	$ 58
Associates		
Guangfeng Optoelectronics (Wuxi)	669	844
	$ 669	$ 902
Other payables		
Associates		
Hanns Touch Solution Inc.	$ 117	$ 1,728
Others	-	25
	$ 117	$ 1,753

There is no material difference between the transaction terms provided for the related parties and those provided for general customers.

(4) Real estate, plant and equipment acquired

	Acquisition price	
Related party category / name	2021	2020
Other related parties:	$ 4,900	$ -

(V) Financing

The capital loans to related parties of the consolidated company in years 2021 and 2020 are as follows:

	Year 2021		Year 2020	
Name of related party	Maximum balance	Ending balance of drawdown	Maximum balance	Ending balance of drawdown
Associates -Hanns Touch Solution Inc.	$ 35,072	$ 20,634	$ 41,078	$ 28,451

(6) Endorsement and guarantee

The joint guarantors for the loans to the Group were the related parties of the Group. The joint guarantee is as follows:

Name of related party	Nature of joint guarantee	December 31, 2021	December 31, 2020
Main managements	Short-term borrowings	$ 747,545	$ 810,164
	Commercial paper payable	159,948	299,917
	Corporate bonds payable	552,053	-
	Long-term borrowings	794,000	1,350,000
		$ 2,253,546	$ 2,460,081

(7) Rewards and remuneration for major management levels

The benefits and remunerations given by the Group to its directors and main managements for the years ended December 31, 2021 and 2020 respectively are as follows:

	2021	2020
Short-term employee benefits	$ 35,178	$ 26,238
Post-employment benefits	$ 718	$ 6,450

The remunerations to directors and main managements are determined by the remuneration committee based on individual performance and market trends.

XXXIII. Pledged assets

The following assets of the Group were provided as guarantees for loans under loan contracts and for the need of business operation.

	December 31, 2021	December 31, 2020
Bank deposits	$ 385,197	$ 243,244
Property, plant and equipment	322,647	193,249
Right of use assets	79,604	-
	$ 787,448	$ 436,493

In addition, K Laser company provided 10,000,000 ordinary shares of its subsidiary Optivision Technology as guarantee for the issuance of convertible corporate bonds. Please refer to note 20 for more details.

XXXIV. Significant subsequent events

(1) The subsidiary Optivision Technology Inc. received a civil complaint from the intellectual property court of the intellectual property and Commercial Court on February 22, 2022. LGS Co., Ltd. of Korea accused Optivision Technology Inc. of using the reverse prism process that infringes its patent right in the Republic of China Patent Notice No. 583422.Optivision Technology has entrusted professional lawyers to assist in handling this case, which has no significant impact on the company's operation, finance and business.

(2) The merged company decided by the board of directors in January 2022 to dispose of the real estate, plant and equipment and use right assets of

its subsidiary K Laser (Dongguan), with a sale price of about RMB 100,000,000.

XXXV. Information of Exchange Rates for Financial Assets and Liabilities in Foreign Currencies

Information of the foreign currency financial assets and liabilities that have a material impact on the Group is as follows:

Unit: Per thousand in foreign currency / 1000 NT dollars

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary item						
USD	$ 56,510	27.68	$ 1,564,197	$ 44,605	28.48	$ 1,270,350
JPY	388	0.2405	93	54	0.2763	15
CNY	189,820	4.344	824,578	175,151	4.377	766,636
Long-term equity investments accounted for using the equity method						
USD	2,058	27.68	56,971	7,106	28.48	202,389
Financial liabilities						
Monetary item						
USD	20,512	27.68	567,772	12,750	28.48	363,120
JPY	468,250	0.2405	112,614	771,150	0.2763	213,069
CNY	7,754	4.344	33,683	7,135	4.377	31,230

XXXVI. Disclosures in the Notes

(1) Material Transactions and Reinvestment-related Information:

No.	Item	Explanation
1	Funds lent to others: Attachment 1	Attachment 1
2	Enforcement and guarantee for others	None
3	Negotiable securities held at the end of the year (not including investments in subsidiaries, associates and joint ventures)	Attachment 2
4	Accumulated purchases or sales of negotiable securities up to NT$300 million or 20% of the paid-in capital	None
5	Acquisition cost of real estate up to NT$300 million or 20% of the paid-in capital	Attachment 3
6	Proceeds up to NT$300 million or 20% of the paid-in capital from disposal of real estate	None
7	Purchases from or sales to related parties up to NT$300 million or 20% of the paid-in capital	Attachment 4
8	Receivables from related parties up to NT$100 million or 20% of the paid-in capital	Attachment 5
9	Transactions of derivatives	Note 20
10	Others: Business relationship between the parent company and subsidiaries, and between subsidiaries, and important transactions among them and transaction amounts	Attachment 8
11	Information of investee companies	Attachment 6

(2) Information of investments in Mainland China:

No.	Item	Explanation
1	Name of investee company in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China	Attachment 7
2	Following material transactions with investee companies in Mainland China directly or through a third region, and price, payment terms and unrealized gain (loss) with respect to the transactions: (1) Amount and percentage of purchase, and ending balance and percentage of relevant payables (2) Amount and percentage of sale, and ending balance and percentage of relevant receivables (3) Amount of property transaction, and profit (loss) generated (4) Ending balance of endorsement or collateral provided for notes, and purposes (5) Maximum balance of financing, ending balance, range of interest rates and total interest for the current year (6) Other transactions that have material influence on the profit (loss) for the current year or financial status, such as provision or receipt of service	Attachment 7

(3) Information of Main Shareholders:

Name of Shareholder Holding Over 5% of Equity, Number of Shares Held and Ratio of Shareholding (Attachment 9)

XXXVII. Financial Information of Operating Segments

The Group produces and sells holographic products, provides information of single industry for main decision makers to distribute resources and evaluate performance of each segment, and emphasizes every area where products are delivered or provided.

China
－K Laser Technology (Wuxi) Co., Ltd.
－K Laser Technology (Dongguan) Co., Ltd.
－K Laser Technology (H.K.) Co., Ltd.
－Herui Laser Technology Co., Ltd.
－Ningbo Optivision Technology Co., Ltd.
－Insight Medical Solutions(Wuxi) Inc.
－Xinguang Laser Co., Ltd.
－Jiangyin Teruida Technology Co., Ltd

Other regions of Asia－K Laser Technology Inc.

－K Laser Technology (Thailand) Co., Ltd.

－K Laser Technology (Indonesia) Co., Ltd.

－K Laser Technology (Korea) Co., Ltd.

－K Laser Technology Japan Co., Ltd.

－Amagic Holographics India Private Limited

－Optivision Technology Inc.

－Insight Medical Solutions Inc.

Other areas －Amagic Technologies U.S.A. (Dubai)

－K Laser Technology (USA) Co., Ltd.

－Finity Laboratories

(1) Revenue of Segments and Business Results

The revenue and business results of the Group's continuing operations are analyzed by the reportable segment as follows:

Financial information of the Group's segments for the years ended December 31, 2021 and 2020 is listed as follows:

	Year 2021				
	China region	Other Asian regions	Others	Adjustment and write-off	Total
Operating income	$ 3,642,528	$ 3,480,232	$ 750,759	($ 1,727,229)	$ 6,146,290
Operating costs	2,992,168	3,030,389	627,873	(1,741,483)	4,908,947
Operating margin	650,360	449,843	122,886	14,254	1,237,343
Operating expenses	435,701	481,134	114,997	(10,927)	1,020,905
Business interests	214,659	(31,291)	7,889	25,181	216,438
Interest income	9,925	9,587	212	-	19,724
Interest expense	1,534	28,976	1,363	(195)	31,678
Other income and expense (loss)	20,669	376,376	640,798	(833,257)	204,586
Net loss before tax	$ 243,719	$ 325,696	$ 647,536	($ 807,881)	$ 409,070

	2020				
	China	Other regions of Asia	Others	Adjustment and write-off	Total
Operating revenue	$ 2,876,303	$ 3,042,537	$ 744,505	($ 1,224,115)	$ 5,439,230
Operating cost	2,282,830	2,536,894	597,064	(1,241,651)	4,175,137
Gross profit	593,473	505,643	147,441	17,536	1,264,093
Operating expenses	376,676	537,509	115,243	5,943	1,035,371
Operating income	216,797	(31,866)	32,198	11,593	228,722
Interest income	6,415	3,072	893	(205)	10,175
Interest expense	419	32,650	1,767	3,724	38,560
Other incomes and (expenses and losses)	(8,453)	246,345	376,288	(582,416)	31,764
Net loss before tax	$ 214,340	$ 184,901	$ 407,612	($ 574,752)	$ 232,101

Inter-departmental transactions in 2021 and 2020 have been written off.

(II) Departmental assets

	December 31, 2021				
	China region	Other Asian regions	Others	Adjustment and write-off	Total
Cash and cash equivalents	$ 784,603	$ 1,249,938	$ 94,301	$ -	$ 2,128,842
Notes and accounts receivable	1,190,495	982,610	86,828	(673,148)	1,586,785
Stock	779,153	366,531	391,632	(129,262)	1,408,054
Other current assets	176,969	218,187	24,812	(24,113)	395,855
Total current assets	2,931,220	2,817,266	597,573	(826,523)	5,519,536
Funds and investments	312,556	3,952,222	5,370,365	(9,097,689)	537,454
Property, plant and equipment	663,253	639,812	49,713	36,591	1,389,369
Right of use assets	100,636	209,962	27,050	(24,584)	313,064
Intangible assets	-	3,850	-	81,181	85,031
Other assets	91,265	297,690	28,781	(47,016)	370,720
Total assets	$ 4,098,930	$ 7,920,802	$ 6,073,482	($ 9,878,040)	$ 8,215,174

	December 31, 2020				
	China	Other regions of Asia	Others	Adjustment and write-off	Total
Cash and cash equivalents	$ 778,609	$ 1,647,759	$ 203,443	$ -	$ 2,629,811
Notes receivable and trade receivables	716,148	1,143,606	80,285	(378,221)	1,561,818
Inventories	538,122	312,076	215,877	(72,635)	993,440
Other current assets	217,792	82,588	18,446	(9,245)	309,581
Total current assets	2,250,671	3,186,029	518,051	(460,101)	5,494,650
Funds and investments	495,069	4,010,455	4,832,848	(8,628,188)	710,184
Property, plant and equipment	438,538	629,010	26,025	37,802	1,131,375
Right-of-use assets	22,021	222,147	25,036	(5,624)	263,580
Intangible assets	-	3,257	-	127,167	130,424
Other assets	33,067	224,573	21,775	(50,138)	229,277
Total assets	$ 3,239,366	$ 8,275,471	$ 5,423,735	($ 8,979,082)	$ 7,959,490

(III) Main customer information

The revenue from a single customer that accounts for more than 10% of the total revenue of the consolidated company is as follows:

	Year 2021		Year 2020	
Name of customer	Amount	%	Amount	%
Dongguan Guangzhi Photoelectric Co., Ltd.	$ 1,034,875	17	$ 1,205,671	19

K Laser Technology Inc. and Subsidiaries

Funds of the Company and Reinvested Companies to Other Entities

From January 1 to December 31, 2021

Attachment 1

Unit: In Thousands of New Taiwan Dollars／Thousands in Foreign Currency

No. (Note 1)	Company lending funds	Company receiving the loan	Account	Is it a related party?	Maximum balance of the year	Ending balance	Drawdown	Interest rate range	Nature of lending (Note 2)	Amount of business	Reason of short-term financing	Allocated amount of allowance for bad debts	Security		Limit of funds lent to an individual entity (Note 3)	Total limit of lending (Note 3)	Remark
													Name	Value			
1	K Laser Technology (Dongguan) Co., Ltd.	Hunan Hexin Packaging Materials Co., Ltd.	Other receivables	Yes	$ 35,072 (RMB 8,000)	$ 26,064 (RMB 6,000)	$ 20,634 (RMB 4,750)	3.85%	2	$ -	Capital turnover	$ -	No	No	$ 457,514 (RMB105,321)	$ 457,514 (RMB105,321)	

Note 1: Information of funds loaned by the Company and Subsidiaries to other entities shall be provided separately in two forms and indicated in the “No.” section. Numbers shall be given as follows:

(1) For the Company, please indicate “0.”

(2) For subsidiaries, number in numerical order from 1 by the type of company.

Note 2: Information of funds loaned by the Company and Subsidiaries to other entities shall be provided separately in two forms and indicated in the “No.” section. Numbers shall be given as follows:

(1) In case of business with the entity, please indicate “1.”

(2) In case of necessary short-term financing, indicate “2.”

Note 3： Limits and types of the funds loaned by the Company and Subsidiaries to other entities are as follows:

(1) As provided in the Company’s procedure of loaning funds to other entities, the total limit of funds loaned to other entities shall not exceed 25% of the current net worth of the Company, and the limit of funds loaned to a single entity shall not exceed 10% of the current net worth.

(2) As provided in the Company’s procedure for a subsidiary to loan funds to other entities and provide endorsement and guarantee, the total amount loaned by a Group company (subsidiary) shall not exceed 40% of the net worth of the Group company (subsidiary), and the total amount loaned to other entities based on necessary short-term financing shall not exceed 40% of the net worth of the Group company (subsidiary).

K Laser Technology Inc. and Subsidiaries

Marketable Securities Held at the End of the Year

December 31, 2021

Attachment 2

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

Holding company	Type and name of marketable securities	Relation with the issuer of marketable securities	Items on books	End of the year				Remark
				Number of shares	Book amount	Ratio of shareholding	Fair value	
K Laser Technology Inc.	Stocks							
	Minton Optic Industry Co., Ltd.	None	Financial assets at fair value through profit or loss－ Non-current	857,900	$ -	1	$ -	
	CM Visual Technology Corp.	None	Financial assets at fair value through profit or loss－ Non-current	138,240	-	-	-	
	China Development Biotechnology Co., Ltd.	None	Financial assets at fair value through profit or loss－ Non-current	2,100,000	26,726	2	26,726	
	Mega Plastic Industry Co., Ltd.	None	Financial assets at fair value through profit or loss－ Non-current	150,000	2,007	15	2,007	
	Boxlight Corporation	None	Current assets to be sold	1,662,940	27,960	3	63,522	
Guang Feng International Ltd.	Boxlight Corporation	None	Current assets to be sold	272,957	1,905	-	10,427	
Insight Medical Solutions Inc.	Aether Precision Technology Inc.	None	Financial assets at fair value through profit or loss－ Non-current	240,000	1,249	10	1,249	
Bright Triumph Limited	Dongguan Guangzhi photoelectric Co., Ltd	None	Financial assets at fair value through profit or loss－ Non-current	5,385,628	66,063	9	66,063	

Note 1: For information of investments in subsidiaries and associates, please refer to attachment 7 and attachment 8.

K Laser Technology Inc. and Subsidiaries

The amount of real estate acquired reaches NT $300 million or more than 20% of the paid in capital

Year 2021

Attachment 3 Unit: NT $1000

Company acquiring real estate	Property name	Date of fact	Transaction amount	Payment of price	Trading partner	Relationship	If the trading partner is a related party, the previous transfer information				Reference basis for price determination	Purpose of acquisition and use	Other agreements
							Everyone	Relationship with the issuer	Transfer date	Amount			
Optivision Technology Inc.	Land No. 668, Datong section, Zhunan Town, Miaoli County	Resolution date of the board of directors: 2021 / 11 / 09	$ 290,000	$ 29,000	Safeway Industrial Co., Ltd	None	-	-	-	$ -	According to the appraisal report of real estate appraiser's office	For business use	None

K Laser Technology Inc. and Subsidiaries

Purchase from or Sale to Related Parties Amounting to Over NT$100 Million or 20% of Paid-in Capital

From January 1 to December 31, 2021

Attachment 4

Unit: In Thousands of New Taiwan Dollars

Selling (purchasing) company	Counterparty	Relation	Transaction				Transaction terms different from those for general transactions, and reasons		Notes receivable (payable) and trade receivables (payables)		Remark
			Sale (purchase)	Amount	Ratio to total sale (purchase) %	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable (payable) and trade receivables (payables)%	
Optivision Technology Inc.	Dongguan Guangzhi photoelectric Co., Ltd	One of other related parties	Sale	$ 825,154	51	Cash received 90 days after monthly settlement	N/A	N/A	$ 182,959	30	
〃	Ningpo Optivision Technology Co., Ltd.	A subsidiary	Sale	281,393	17	Cash received 120 days after monthly settlement	N/A	N/A	146,153	24	
K Laser Technology Inc.	K Laser Technology (Dongguan) Co., Ltd.	A sub-subsidiary of which 100% of shares are held by the Company	Purchase	(393,771)	39	Cash received 90 days after monthly settlement	N/A	N/A	(134,914)	56	
〃	K Laser Technology (USA) Co., Ltd.	A sub-subsidiary of which 79.75% of shares are held by the Company	Sale	494,303	37	Cash received 90 days after monthly settlement	N/A	N/A	163,269	50	
〃	K Laser Technology Japan Co., Ltd.	A sub-subsidiary of which 70% of shares are held by the Company	Sale	105,956	8	Cash received 90 days after monthly settlement	N/A	N/A	31,614	10	
K Laser Technology (Wuxi) Co., Ltd.	Xinguang Laser Co., Ltd.	The original affiliated enterprise that has become a brother company since October 2021	Purchase	(RMB 46,064)	45	Cash payment within 60 days of monthly settlement	N/A	N/A	(RMB 13,540)	48	
〃	K Laser Technology (H.K.) Co., Ltd.	A sister company	Sale	RMB 34,083	24	Cash received 60 days after monthly settlement	N/A	N/A	RMB 6,410	16	

Note: Dongguan Guangzhi Photoelectric Co., Ltd. has not been a related party since November 110. It only discloses the amount and outstanding balance of related party transactions.

K Laser Technology Inc. and Subsidiaries

Receivables from Related Parties Amounting to Over NT$100 Million or 20% of Paid-in Capital

December 31, 2021

Attachment 5

Unit: In Thousands of New Taiwan Dollars

Company recognizing the account as receivables	Counterparty to the transaction	Relation	Balance of receivables from related parties	Turnover	Receivables from related parties due and unpaid		Amount of receivables from related parties that are recovered after the year	Amount of allowance for bad debts allocated on books
					Amount	Treatment method		
Optivision Technology Inc.	Dongguan Guangzhi photoelectric Co., Ltd	One of other related parties	$ 182,959	1.93	$ -	-	$ 85,104	$ 6,250
〃	Ningpo Optivision Technology Co., Ltd.	Subsidiary	146,153	2.13	-	-	54,889	-
K Laser Co., Ltd	K Laser Technology (USA) Co., Ltd.	A sub-subsidiary with 79.95% of its shares indirectly held by the company	163,269	4.05	-	-	40,921	-

K Laser Technology Inc. and Subsidiaries
Information of Reinvested Companies, their Locations, etc.
From January 1 to December 31, 2021

Attachment 6

Unit: In Thousands of New Taiwan Dollars／Thousands in Foreign Currency

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the year			Profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
				End of the year	End of last year	Number of shares	Ratio%	Book amount			
K Laser Technology Inc.	K Laser China Group Co., Ltd.	British Virgin Islands	Reinvestment in companies	$ 722,454	$ 722,454	21,289,005	100	$ 2,121,577	$ 208,450	$ 169,972	
〃	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment in companies	726,200	703,856	21,161,462	100	743,919	99,315	99,315	
〃	Optivision Technology Inc.	Hsinchu City	Production and sale of optical instruments and electronic parts and components	499,497	514,219	23,614,835	42	574,422	(32,168)	(12,692)	(note 1)
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	97,372	97,372	157,545	49	14,851	(6,190)	(3,033)	
〃	Vicome Corp.	Yunlin County	Manufacturing, processing, purchase and sale of fluorescent pigments and dyes	35,494	35,494	3,021,420	30	137,945	66,897	20,209	
〃	Insight Medical Solutions Inc.	Hsinchu City	R & D and sales of gastrointestinal endoscopy and other businesses	269,813	269,813	8,995,264	45	142,474	(76,734)	(81,270)	
	Guang Feng International Ltd.	Samoa	Reinvestment company	162,463	217,125	4,845,810	100	16,289	30,506	30,506	
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	United States	Sale of holographic products	USD 6,500	USD 6,500	6,500,000	80	USD 8,611	USD 3,193	USD 2,547	
〃	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of holography products	USD 1,839	USD 1,801	9,337,984	83	USD 8,085	USD 366	USD 303	
〃	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacture and sales of holography products	USD 2,946	USD 2,946	677,040	100	USD 1,886	USD 165	USD 165	
〃	K Laser IMEA Co., Ltd.	Mauritius	Reinvestment company	-	USD 2,600	-	-	-	(USD 12)	(USD 12)	(note 2)
〃	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	Sales and agency of holography products	USD 2,297	USD 1,094	-	100	USD 3,507	USD 169	USD 169	
〃	K Laser Technology Japan Co., Ltd.	Japan	Manufacture and sales of holography products	USD 830	USD 830	1,344	70	USD 3,063	USD 618	USD 432	
〃	CIO Tech Ltd.	Cayman Islands	Reinvestment company	USD 750	USD 750	11,000,000	22	USD 541	(USD 300)	(USD 66)	
〃	Amagic Holographics India Private Limited	India	Manufacture and sales of holography products	USD 2,508	USD -	10,915,594	100	USD 420	(USD 33)	(USD 45)	(note 3)
K Laser Technology (Thailand) Co., Ltd.	K Laser Technology (Indonesia) Co., Ltd.	Indonesia	Manufacture and sales of holography products	THB 21,168	THB 21,168	266,000	70	THB 23,332	THB -	THB -	
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Cayman Islands	Reinvestment company	RMB 180,503	RMB 180,503	89,096,401	94	RMB 515,622	RMB 49,005	RMB 48,001	
〃	Holoprint Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 1	RMB 1	1	100	RMB -	RMB -	RMB -	
K Laser China Group Holding Co., Limited	K Laser Technology (Hongkong) Co., Ltd	Hong Kong	Sales and agency of holography products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 4,659	RMB 787	RMB 787	
〃	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 112,440	RMB 72,440	30,000	100	RMB 280,233	RMB 13,019	RMB 12,989	
〃	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment company	RMB 130,106	RMB 130,106	50,000	100	RMB 261,044	RMB 34,879	RMB 34,930	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	RMB 20,825	RMB 20,825	163,975	51	RMB 3,558	(RMB 1,426)	(RMB 727)	
Holomagic Co., Ltd.	Treasure Access Limited	Hong Kong	Reinvestment in companies	RMB 69,243	RMB 29,243	10,000	100	RMB 277,889	RMB 13,058	RMB 13,058	
Top Band Investment Ltd.	Union Bloom Co., Ltd.	Hong Kong	Reinvestment in companies	RMB 113,329	RMB 113,329	10,000	100	RMB 257,018	RMB 34,913	RMB 34,913	
K Laser IMEA Co., Ltd.	Amagic Holographics India Private Limited	India	Manufacture and sales of holography products	-	USD 2,508	-	-	USD -	USD 12	USD 12	(note 3)

(to be continued)

(continued)

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the year			Profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
				End of the year	End of last year	Number of shares	Ratio%	Book amount			
iWin Technology Co., Ltd.	Finity Laboratories	USA	Research and development of holography	USD 700	USD 700	700,000	100	USD 951	(USD 219)	(USD 219)	
Optivision Technology Inc.	Bright Triumph Limited	Mauritius	Reinvestment in companies	242,173	242,173	7,913,767	100	149,461	3,645	3,645	
Insight Medical Solutions Inc.	Insight Medical Solutions Holdings Inc.	Cayman Islands	Reinvestment in companies	USD 2,500	USD 2,500	2,500,000	100	63,029	(6,620)	(6,620)	

Note 1: 10,000,000 ordinary shares of Optivision Technology have been pledged as collateral for the issuance of convertible corporate bonds by K Laser company.

Note 2: K Laser IMEA Co., Ltd. entered the liquidation procedure in May 2021.

Note 3: for the adjustment of the group's investment structure, it is transferred from K Laser IMEA Co., Ltd. to K Laser International Co., Ltd.

K Laser Technology Inc. and Subsidiaries
Information of Investment in Mainland China
From January 1 to December 31, 2021

Attachment 7

Unit: In Thousands in Foreign Currency: /Thousands of New Taiwan Dollars

1. Name of investee company, main business activities, paid-in capital, investment method, capital remittance, shareholdings, profit or loss of the year, investment gain (loss) recognized, ending book value of investment, investment gain remitted back, and limit of investment in Mainland China:

Name of invested company in Mainland China	Min business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan as of the beginning of the year	Investment amount remitted or recovered in the year		Accumulated investment amount remitted from Taiwan as of the end of the year	Ratio of shares held by the Company through direct or indirect investment%	Investee company's profit (loss) of the year	Investment gain (loss) recognized for the year	Ending book value of investment	Investment gain remitted back to Taiwan as of the end of the year
					Remitted	Recovered						
K Laser Technology (Wuxi) Co., Ltd.	Research, development, production of laser holographic products, electro-optics apparatus and optoelectronic materials	$ 548,817 (RMB 126,339)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	$ 185,179 (USD 6,690)	$ -	$ -	$ 185,179 (USD 6,690)	100	$ 21,520 (RMB 4,954)	$ 21,520 (RMB 4,954)	$ 665,992 (RMB 153,313)	$ 211,957 (RMB 48,793)
K Laser Technology (Dongguan) Co., Ltd.	Production and sale of other polyethylene and rigid polyvinyl chloride films and foils	719,458 (RMB 165,621)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	56,993 (USD 2,059)	-	-	56,993 (USD 2,059)	100	165,572 (RMB 38,115)	165,572 (RMB 38,115)	1,143,788 (RMB 263,303)	708,676 (RMB 163,139)
Dongguan Zhimmei Laser Printing Co., Ltd. (Note 5)	Production and sale of printed paper packaging boxes and laser printed paper	110,068 (RMB 25,338)	Investment in the company in Mainland China through remittance from a third region	59,512 (USD 2,150)	-	-	59,512 (USD 2,150)	-	-	-	-	-
Herui Laser Technology Co., Ltd.	Research, development and production of laser paper, anodized aluminum and other new environmentally-friendly packaging materials and anti-counterfeit products	225,019 (RMB 51,800) (note 1)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	-	-	-	-	49	14,118 (RMB 3,250)	6,916 (RMB 1,592)	170,411 (RMB 39,229)	16,520 (RMB 3,803)
Foshan Donglin packaging material Co., Ltd	Production of tobacco series packaging materials and extension products	115,060 (RMB 26,487) (note 3)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	-	-	-	-	25	(37,358) (RMB - 8,600)	(9,340) (RMB - 2,150)	22,513 (RMB 5,183)	-
Hunan Hexin packaging material Co., Ltd	Mainly engaged in the production, processing and sales of films and cigarette bags, and the segmentation of cigarette paper	80,798 (RMB 18,600) (note 4)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	-	-	-	-	49	18,136 (RMB 4,175)	7,155 (RMB 1,647)	223,981 (RMB 51,561)	-
Xinguang Laser Co., Ltd.	Production of special film coating, decorative film and environmental protection transfer paper	347,520 (RMB 80,000) (note 2)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	-	-	-	-	65	34,769 (RMB 8,004)	3,675 (RMB 846)	359,840 (RMB 82,836)	37,645 (RMB 8,666)
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	Research, development and production of large LCDs, and optical engines and projection tubes for LCDs	188,221 (RMB 43,329)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	97,351 (USD 3,517)	3,848 (USD 139)	-	101,198 (USD 3,656)	45	- USD -	- USD -	41,993 (USD 1,517)	-
Insight Medical Solutions(Wuxi) Inc.	Research, development and sale of endoscopes used in gastrointestinal tracts	69,200 (USD 2,500)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	69,200 (USD 2,500)	-	-	69,200 (USD 2,500)	100	(4,589)	(4,589)	63,054	-
Ningbo Optivision Technology Co., Ltd	Manufacturing, processing and production of brightening film, prism, diffusion film and optical film	145,905 (RMB 33,607)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	145,541 (USD 5,258)	-	-	145,541 (USD 5,258)	100	6,245 (USD 222)	6,245 (USD 222)	79,580 (USD 2,875)	-
Dongguan Guangzhi photoelectric Co., Ltd	R & D and manufacturing of precision components	271,344 (RMB 62,500)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	62,003 (USD 2,240)	-	-	62,003 (USD 2,240)	9	-	-	66,063 (USD 2,387)	-

2. Limit of Investments in Mainland China

Company name	Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	Limit of investment provided by Investment Commission, Ministry of Economic Affairs (note 7)
K Laser	$347,135 (USD 12,541)	$1,694,348 (USD 61,212)（note 6）	$1,608,792
Optivision Technology	$207,545 (USD 7,948)	$236,830 (USD 8,556)	$821,298
IMS	$69,200 (USD 2,500)	$69,200 (USD 2,500)	$80,000

Note 1: including the cash investment of USD 2,512,000 through the third region.

Note 2: It contains the investment in cash USD3,705 thousand through a third region.

Note 3: including 8,253,000 RMB of cash investment from enterprises in the third region.

Note 4: including 48,100,000 RMB of cash investment from enterprises in the third region.

Note 5: The invested equity has been disposed, but an application for cancellation of the amount has not been filed to Investment Commission, MOEA. With the approval of the operation headquarters in accordance with the regulations, the investment amount is not limited to 60% of the net value or NT $80 million.

Note 6: amount of surplus transferred to investment is 11,748,000 USD.

Note 7: With the approval of the operation headquarters in accordance with the regulations, the investment amount is not limited to 60% of the net value or NT $80 million for K Laser.Other companies are limited to 60% of their net worth or NT $80 million, whichever is higher.

3. Material Transactions directly or indirectly with Investee Companies in Mainland China through Entities in a Third Region : Please refer to attachment 4 and 8。
4. Property transaction, and gain or loss on such transactions: None
5. Endorsement, guarantee or collateral provided directly or indirectly for investee companies in Mainland China through entities in a third region: Attachment 2
6. Funds directly or indirectly provided for investee companies in Mainland China through a third region: None
7. Other transactions that have a material impact on the current profit or loss or financial status: None

K Laser Technology Inc. and Subsidiaries
Business Relations and Important Transactions between Parent Company and Subsidiaries
From January 1 to December 31, 2021

Attachment 8 Unit: In Thousands of New Taiwan Dollars/Thousands in Foreign Currency

2021

No.	Name of trader	Transaction object	Relationship with traders	Transactions			
				Subject	Amount	Terms of transaction	of total consolidated revenue or total assetsc
0	K Laser	K Laser (USA)	Parent company to subsidiary	Accounts receivable	$ 163,269	—	2
0	K Laser	K Laser (Japan)	Parent company to subsidiary	Accounts receivable	31,614	—	-
0	K Laser	K Laser (Dongguan)	Parent company to subsidiary	Trade payable	134,914	—	2
0	K Laser	K Laser (Wuxi)	Parent company to subsidiary	Accounts payable	20,608	—	-
0	K Laser	Treasure	Parent company to subsidiary	Accounts payable	31,154	—	-
0	K Laser	K Laser (Dongguan)	Parent company to subsidiary	Purchase	393,771	—	6
0	K Laser	K Laser (Wuxi)	Parent company to subsidiary	Purchase	46,111	—	1
0	K Laser	Treasure	Parent company to subsidiary	Purchase	71,798	—	1
0	K Laser	K Laser (USA)	Parent company to subsidiary	Sale	494,303	—	8
0	K Laser	K Laser (Japan)	Parent company to subsidiary	Sale	105,956	—	2
1	Top Band	K Laser (Dongguan)	Subsidiary to subsidiary	Other receivables	RMB 2,891	—	-
2	K Laser (Dongguan)	Dubai Magic	Subsidiary to subsidiary	Accounts receivable	RMB 3,711	—	-
2	K Laser (Dongguan)	Dubai Magic	Subsidiary to subsidiary	Sale	RMB 6,477	—	-
2	K Laser (Dongguan)	K Laser (Wuxi)	Subsidiary to subsidiary	Sale	RMB 4,016	—	-
2	K Laser (Dongguan)	Herui laser	Subsidiary to subsidiary	Sale	RMB 2,961	—	1
2	K Laser (Dongguan)	K Laser (Korea)	Subsidiary to subsidiary	Sale	RMB 6,325	—	-
2	K Laser (Dongguan)	K Laser (Wuxi)	Subsidiary to subsidiary	Purchase	RMB 2,436	—	-
2	K Laser (Dongguan)	Xinguang Laser	Subsidiary to subsidiary	Purchase	RMB 7,277	—	1
2	K Laser (Dongguan)	Xinguang Laser	Subsidiary to subsidiary	Accounts payable	RMB 15,029	—	1
3	K Laser (Wuxi)	Xinguang Laser	Subsidiary to subsidiary	Accounts payable	RMB 13,540	—	1
3	K Laser (Wuxi)	Xinguang Laser	Subsidiary to subsidiary	Pruchase	RMB 10,969	—	1

(Continued)

(Continued)

No.	Name of trading party	Counterparty to the transaction	Relation with trading party	Transaction details			
				Account	Amount	Transaction conditions	Ratio to total consolidated revenue or total assets%
3	K Laser (Wuxi)	K Laser Hong Kong	Subsidiary to subsidiary	Trade receivables	RMB 6,410	—	-
3	K Laser (Wuxi)	K Laser Hong Kong	Subsidiary to subsidiary	Sale	RMB 34,083	—	2
4	Optivision Technology	Ningpo Optivision	Subsidiary to subsidiary	Trade receivables	$ 146,153	—	2
4	Optivision Technology	Ningpo Optivision	Subsidiary to subsidiary	Sale	281,393	—	3
4	Optivision Technology	K Laser (Dongguan)	Subsidiary to subsidiary	Sale	10,931	—	-
5	Treasure	K Laser (Dongguan)	Subsidiary to subsidiary	Accounts payable	RMB 6,645	—	-
5	Treasure	K Laser (Dongguan)	Subsidiary to subsidiary	Purchase	RMB 10,737	—	1

Note 1: Information of business between the parent company and Subsidiaries shall be indicated in the "No." section. Numbers shall be given as follows:
1.For the Company, please indicate "0."
2.For subsidiaries, number in numerical order from 1 by the type of company.

Note 2: There are 3 types of relations with the counterparty to a transaction. Please indicate the type.
1. Parent company vs subsidiary
2. Subsidiary vs parent company
3. Subsidiary vs subsidiary

Note 3: For calculation of the ratio of transactions to the total revenue or total assets, in case of assets or liabilities, the ratio of the ending balance of such assets or liabilities to the total consolidated assets is calculated instead, and in case of profits or losses, the ratio of the accumulated amount of such profits or losses in the interim to the total consolidated revenue is calculated instead.

Note 4: Whether the transaction details are shown in the form is determined by the Company pursuant to the materiality principle.

K Laser Technology Inc. and Subsidiaries

Information of Main Shareholders

December 31, 2021

Attachment 9

Name of key shareholder	Share	
	Number of shares held	Ratio of shareholding
Kuo Wei-Wu	10,997,756	6.6%
K Laser Technology Inc. (note 3)	10,156,000	6.1%

Note 1: Information of main shareholders contained in the form is the data calculated by Taiwan Depository & Clearing Corporation based on the common shares and preferred shares (including treasury shares) that have been recorded and delivered, without physical substance, by the Company and held by shareholders on the last business day at the end of the current season so as to indicate the shareholders holding over 5% of such shares. The capital stock recorded in the consolidated financial report of the Company may differ from the number of the aforementioned shares recorded and delivered without physical substance because different bases of preparation and calculation are used.

Note 2: If the above information contains any shareholder holding shares through a trust, then trust settlors will be disclosed in their respective accounts under the trust account opened by the trustee. As for a shareholder declaring equity based on the shares more than 10% possessed by the shareholder as an insider in accordance with the Securities and Exchange Act, the shares possessed by the shareholder should contain the shares possessed and the shares in trust and the shares that entitle the shareholder to exercise rights to determine how to use trust property. For information of equity declarations made by insiders, please visit the Market Observation Post System.

Note 3: another 120,000 shares were settled in January 2022.

English Translation of a Report and Financial Statements
Originally Issued in Chinese

K Laser Inc.

Parent Company Only Financial Statements with Report of Independent Accountants for the years ended December 31, 2021 and 2020

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Independent Auditors' Report

K Laser Technology Inc.

Opinion

We have audited the accompanying financial statements of December 31, 2021 and 2020 of K Laser Technology Inc., which comprise the balance sheets as of Jan 1 to December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying financial statements present fairly, in all material respects, the financial position of K Laser Technology Inc. as of December 31, 2021 and 2020 and its financial performance and cash flows for Jan 1 to December 31, 2021 and 2020 then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of K Laser Technology Inc. for the year ended 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Sales Revenue

The business income of K Laser Technology Inc. mainly comes from the manufacture of laser holographic films, laser anti-counterfeiting labels, laser paper and optical instruments. The sales revenue of optical instruments in 2021 was significant, and the authenticity of the sales revenue of this product had a significant impact on the consolidated financial report. Therefore, the CPA listed the above sales revenue as the key audit items for this year.

Our key audit procedure performed in respect of the aforementioned key audit matters comprised the following:

1. We understood the internal control procedures for the recognition of sales revenue, tested and assessed the effectiveness of related internal controls.
2. We sampled the transaction details of major sales customers, and check consistency of the external shipping documents, export declarations and original transaction documents.
3. We confirmed the reasonability of the return and discount of major subsequent event.

Other Matters

The financial statements of some investee companies accounted for using the equity method for the years dated December 31, 2021 and 2020 were audited by other auditors. Thus in our opinion expressed in the aforementioned financial report, the amounts within the financial statements for those investee companies were based solely on the reports of other auditors. As of December 31, 2021 and 2020, the aforementioned investments accounted for using the equity method were NT$397,729 thousand and NT$436,955 thousand, respectively, which accounted for 7.85% and 8.88% of the total assets, respectively. For the years ended December 31, 2021 and 2020, the amounts of investment gain recognized by the aforementioned investee companies and accounted for using the equity method were NT$52,908 thousand and NT$42,475 thousand, respectively, which accounted for (14.45)% and 28.24% of the profit before tax, respectively. Refer to Note 33 to the financial statements for relevant information on the above investee companies which we have not audited but were audited by other auditors.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of K Laser Technology Inc. to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate K Laser Technology Inc. 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 financial reporting process of K Laser Technology Inc.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of K Laser Technology Inc.
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 ability of K Laser Technology Inc. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause K Laser Technology Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements (including the disclosures) and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the segments within K Laser Technology Inc. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the corporate audit, and also 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 that those matters of most significance in the audit of the financial statements for the year ended December 31, 2021 are the key audit matters. We describe these matters in our auditors' report unless any 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.

Deloitte & Touche

Huang Yi-Min, CPA

Hsu Wen-Ya, CPA

Financial Supervisory Commission
Approval No.:
Jin-Guan-Zheng-Shen-Zi- 1030024438

Securities and Futures Bureau
Approval No.:
Tai-Cai-Zheng-6-Zi-0920123784

March 24, 2022

K Laser Technology Inc.

Balance Sheet

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 272,616	5	$ 360,226	7
1110	Financial assets at fair value through profit or loss－current (Notes 4 and 7)	3,134	-	5,265	-
1150	Notes receivable (Notes 4 and 8)	8,638	-	5,323	-
1170	Trade receivables (Notes 4 and 8)	73,231	1	37,451	1
1180	Trade receivables from related parties (Notes 4, 8 and 29)	201,719	4	108,218	2
1200	Other receivables (Note 29)	3,267	-	9,991	-
1220	Current tax assets (Notes 4 and 24)	208	-	208	-
130X	Inventories (Notes 4 and 9)	84,650	2	83,398	2
1460	Current assets held for sale (Notes 4 and 10)	27,960	1	15,100	-
1470	Other current assets (Note 6 and 17)	133,354	3	16,781	1
11XX	Total current assets	808,777	16	641,961	13
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income－non-current (Notes 4 and 11)	28,733	1	34,984	1
1550	Investments accounted for using the equity method (Notes 4 and 12)	3,751,477	74	3,807,614	77
1600	Property, plant and equipment (Notes 4, 13 and 29)	165,712	3	159,057	3
1755	Right-of-use assets (Notes 4 and 14)	70,785	1	73,629	2
1760	Net investment property (Notes 4 and 15)	36,590	1	37,869	1
1780	Other intangible assets (Notes 4 and 16)	1,684	-	2,393	-
1840	Deferred tax assets (Notes 4 and 24)	9,400	-	11,800	-
1990	Other non-current assets (Notes 6 and 17)	194,212	4	151,243	3
15XX	Total non-current assets	4,258,593	84	4,278,589	87
1XXX	Total assets	$ 5,067,370	100	$ 4,920,550	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Note 18)	$ 450,000	9	$ 430,000	9
2110	Short-term notes and bills payable (Note 18)	159,948	3	299,917	6
2170	Trade payables	49,347	1	36,164	1
2180	Trade payables to related parties (Note 29)	189,979	4	75,293	1
2200	Other payables (Notes 20 and 29)	92,636	2	83,268	2
2280	Lease liabilities－current (Notes 4 and 14)	6,023	-	6,023	-
2320	Current portion of long-term liabilities (Note 18)	-	-	100,000	2
2399	Other current liabilities	3,978	-	10,307	-
21XX	Total current liabilities	951,911	19	1,040,972	21
	Non-current liabilities				
2500	Financial liabilities at fair value through income - Non-current（Notes 4 and 7）	855	-	-	-
2530	Corporation liabilities payable（Notes 4 and 19）	552,053	11	-	-
2540	Long-term borrowings (Note 18)	794,000	16	1,250,000	26
2635	Lease liabilities－non-current (Notes 4 and 14)	66,131	1	68,598	1
2640	Net defined benefit liabilities (Notes 4 and 21)	20,158	-	18,888	-
2670	Other liabilities－others	942	-	942	-
25XX	Total non-current liabilities	1,434,139	28	1,338,428	27
2XXX	Total liabilities	2,386,050	47	2,379,400	48
	Equity (Note 22)				
	Share capital				
3110	Ordinary shares	1,659,694	33	1,593,246	32
3200	Capital reserve	709,559	14	585,347	12
	Retained earnings				
3310	Legal reserve	249,257	5	213,042	4
3320	Special reserve	391,852	7	200,987	4
3350	Unappropriated earnings	294,763	6	384,752	8
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(373,245)	(7)	(287,085)	(6)
3420	Unrealized gain on financial assets at fair value through other comprehensive income	(30,640)	(1)	(30,403)	-
3490	Recompense not earnt by staff	(72,873)	(1)	-	-
3500	Treasury shares	(147,047)	(3)	(118,736)	(2)
3XXX	Total equity	2,681,320	53	2,541,150	52
	Total liabilities and equity	$ 5,067,370	100	$ 4,920,550	100

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

(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu　　Manager: Kuo Wei-Wu　　Accounting Manager: Hung Ya-Ching

K Laser Technology Inc.
Statement of Comprehensive Income
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars;
Earnings Per Share: In New Taiwan Dollar

Code		2021 Amount	2021 %	2020 Amount	2020 %
4100	Operating revenue (Notes 4 and 29)	$ 1,350,072	100	$ 810,550	100
5110	Cost of goods sold (Notes 9 and 29)	1,100,196	81	666,235	82
5900	Gross profit	249,876	19	144,315	18
5910	Unrealized sales profit	(47,149)	(4)	(21,926)	(3)
5920	Unrealized sales profit	21,926	2	13,622	2
5950	Gross profit	224,653	17	136,011	17
	Operating expenses (Note 29)				
6100	Selling and marketing	57,654	4	40,467	5
6200	General and administrative	89,627	7	75,524	9
6300	Research and development	68,948	5	77,842	10
6450	Expected credit revolving benefit	(61,138)	(4)	(694)	-
6000	Total operating expenses	155,091	12	193,139	24
6900	Net profit (loss) from operation	69,562	5	(57,128)	(7)
	Non-operating income and expenses				
7060	Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	223,009	17	202,008	25
7100	Interest income (Note 29)	377	-	1,291	-
7190	Other income-others (Note 29)	81,183	6	45,592	6
7210	Profit (loss) on disposal of property, plant and equipment	31	-	(19)	-
7230	Foreign currency exchange loss	(17,044)	(1)	(10,641)	(1)

(To be continued)

(Continued)

Code		2021 Amount	2021 %	2020 Amount	2020 %
7235	Gain (loss) on financial assets liabilities at fair value through profit or loss	$ 4,594	-	($ 31)	-
7510	Interest expense	(23,658)	(2)	(25,562)	(3)
7590	Miscellaneous expense	(11,789)	(1)	(7,590)	(1)
7625	Gain on disposal of investment	39,860	3	2,489	-
7000	Total non-operating income and expenses	296,563	22	207,537	26
7900	Profit before tax	366,125	27	150,409	19
7950	Income tax expense (Notes 4 and 24)	(2,400)	-	(6,000)	(1)
8200	Profit for the year	363,725	27	144,409	18
	Other comprehensive income (loss) (Notes 21 and 22)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Actuarial gain (loss) on defined benefit plan	(1,297)	-	236	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(229)	-	1,632	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(86,277)	(7)	(8,874)	(1)
8300	Total other comprehensive income (loss)	(87,803)	(7)	(7,006)	(1)
8500	Total comprehensive income (loss) for the year	$ 275,922	20	$ 137,403	17

(To be continued)

(Continued)

Code		2021 Amount	2021 %	2020 Amount	2020 %
	Earnings per share (Note 25)				
	From continuing operations				
9710	Basic	$ 2.42		$ 0.96	
9810	Diluted	$ 2.14		$ 0.95	

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

(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu Manager: Kuo Wei-Wu Accounting Manager: Hung Ya-Ching

K Laser Technology Inc.
Statement of Changes in Equity
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code		Ordinary shares	Capital reserve	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Other equity: Exchange differences on translation of financial statements of foreign operations	Other equity: Unrealized loss (gain) on financial assets at fair value through other comprehensive income	Other equity: Reward unpaid for employees	Transactions of Treasury shares	Total equity
A1	Balance at January 1, 2020	$ 1,593,246	$ 551,531	$ 213,042	$ 201,090	$ 255,807	($ 278,472)	($ 33,033)	$ -	($ 102,122)	$ 2,401,089
D1	Net profit for the year ended December 31, 2020	-	-	-	-	144,409	-	-	-	-	144,409
D3	Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	236	(8,874)	1,632	-	-	(7,006)
L1	buy-back of treasury shares (Note 22)	-	-	-	-	-	-	-	-	(77,812)	(77,812)
L7	Acquisition of the parent company's shares by subsidiaries as treasury shares	-	(3,668)	-	-	-	-	-	-	22,785	19,117
M5	Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	22,969	-	(103)	(11,200)	261	998	-	-	12,925
M7	Changes in percentage of ownership interests in subsidiaries	-	3,691	-	-	-	-	-	-	-	3,691
C7	Changes in associates accounted for using the equity method	-	-	-	-	(4,500)	-	-	-	-	(4,500)
N1	Share-based payment transactions	-	10,824	-	-	-	-	-	-	38,413	49,237
Z1	Balance at December 31, 2020	1,593,246	585,347	213,042	200,987	384,752	(287,085)	(30,403)	-	(118,736)	2,541,150
	Appropriation and distribution of earnings (Note 22)										
B1	Legal reserve	-	-	36,215	-	(36,215)	-	-	-	-	-
B3	Special reserve	-	-	-	190,931	(190,931)	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	(225,344)	-	-	-	-	(225,344)
	Other capital reserve changes:										
C5	Issue convertible corporate bonds to recognize equity components	-	20,280	-	-	-	-	-	-	-	20,280
D1	Net profit for the year ended December 31, 2021	-	-	-	-	363,725	-	-	-	-	363,725
D3	Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(1,297)	(86,277)	(229)	-	-	(87,803)
L1	Buy-back of treasury shares (Note 22)	-	-	-	-	-	-	-	-	(28,311)	(28,311)
M5	Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	23,036	-	(66)	73	117	(8)	-	-	23,152
M7	Changes in percentage of ownership interests in subsidiaries	-	29,279	-	-	-	-	-	11,068	-	40,347
I1	Converting corporate bonds into common shares	16,448	12,704	-	-	-	-	-	-	-	29,152
N1	Issue stocks that restrict employees' rights and interests（Note 26）	50,000	38,913	-	-	-	-	-	(88,913)	-	-
N1	Limit the cost of employee rights stock compensation（Note 26）	-	-	-	-	-	-	-	4,972	-	4,972
Z1	Balance at December 31, 2021	$ 1,659,694	$ 709,559	$ 249,257	$ 391,852	$ 294,763	($ 373,245)	($ 30,640)	($ 72,873)	($ 147,047)	$ 2,681,320

The accompanying notes are an integral part of the financial statements.
(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu　　Manager: Kuo Wei-Wu　　Accounting Manager: Hung Ya-Ching

K Laser Technology Inc.
Statement of Cash Flows
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code		2021	2020
	Cash flows from operating activities		
A10000	Profit (loss) before tax	$ 366,125	$ 150,409
A20010	Incomes, expenses and losses not influencing cash flows		
A20100	Depreciation expense	35,892	33,113
A20200	Amortization expense	709	764
A20300	Expected credit reversal gain	(61,138)	(694)
A20400	Net gain (loss) on financial assets/liabilities at fair value through profit or loss	(4,594)	31
A20900	Interest expense	23,658	25,562
A21200	Interest income	(377)	(1,291)
A21900	Share-based compensation expense	4,972	-
A22300	Share of (profit) loss of associates and joint-venture accounted for using the equity method	(223,009)	(202,008)
A22500	Loss (gain) on disposal and write-down of property, plant and equipment	(31)	19
A23100	Gain on disposal of investment	(39,860)	(2,489)
A23700	Impairment loss recognized on financial assets	-	-
A23800	Gain on inventory valuation and reversal	(9,680)	(561)
A23900	Unrealized sales profit (loss) among associates	47,149	21,926
A24000	Realized sales profit (loss) among associates	(21,926)	(13,622)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(3,315)	(2,032)
A31150	Trade receivables	(81,866)	29,152
A31160	Trade receivables from related parties	(32,451)	(25,181)
A31180	Other receivables	6,724	3,452
A31200	Inventories	8,428	16,500
A31240	Other current assets	1,361	(10,970)
A31990	Other non-current assets	(12,497)	1,172
A32130	Notes payable	-	(612)
A32150	Trade payables	13,183	(16,177)
A32160	Trade payables to related parties	114,686	15,744
A32180	Other receivables	9,866	(6,457)
A32230	Other current assets	(6,329)	5,897
A32240	Net defined benefit liabilities－current	(27)	(6,374)
A33000	Cash generated from operations	135,653	15,273
A33100	Interest received	377	1,291
A33300	Interest paid	(6,960)	(24,826)
A33500	Income tax paid	-	(71)
AAAA	Net cash generated from (used in) operating activities	129,070	(8,333)

(To be continued)

(Continued)

Code		2021	2020
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	$ -	($ 3,000)
B00030	Capital reduction of financial assets measured at fair value through other comprehensive profit or loss and return of shares	9,000	-
B00100	Financial assets designated at fair value through profit or loss when original recognition is obtained.	(19,493)	(3,015)
B00200	Disposal of financial assets recognized initially at fair value through profit or loss	24,857	3,309
B01800	Acquisition of long-term equity investment accounted for using the	-	(5,200)
B02200	Cash outflows from acquisition of subsidiaries	(22,344)	(246,557)
B02300	Cash inflows from disposal of subsidiaries	43,332	44,925
B02400	Refunds of share payment due to decrease in capital of investee companies accounted for using the equity method	54,662	-
B02600	Proceeds from disposal of assets held for sale	72,809	2,513
B02700	Purchase of property, plant and equipment	(38,761)	(10,505)
B02800	Proceeds from disposal of property, plant and equipment	3,411	70
B03700	Decrease (increase) in refundable deposits	1,121	3,272
B04500	Purchase of intangible assets	-	(149)
B05000	Cash and cash equivalents obtained the dissolved company due to business combination	-	36,464
B06600	Increase in other financial assets	(162,766)	(128,445)
B07600	Dividends received from subsidiaries and associates	152,568	263,622
BBBB	Net cash generated from (used in) investing activities	118,396	(42,696)
	Cash flows from financing activities		
C00200	Increase (decrease) in Short-term borrowings	20,000	(48,234)
C00600	Increase (decrease) in short-term notes and bills payable	(140,000)	100,000
C01200	Issued corporate bonds	600,700	-
C01600	Long-term borrowings	650,000	250,000
C01700	Repayments of Long-term borrowings	(1,206,000)	(90,000)
C04200	Repayment of principal portion of lease liabilities	(6,121)	(6,310)
C04500	Dividends paid	(225,344)	-
C04900	Payments for buy-back of treasury shares	(28,311)	(77,812)
CCCC	Net cash generated (expensed to) from financing activities	(335,076)	127,644
EEEE	Increase (decrease) in cash and cash equivalents for the year	(87,610)	76,615
E00100	Cash and cash equivalents at the beginning of the year	360,226	283,611
E00200	Cash and cash equivalents at the end of the year	$ 272,616	$ 360,226

The accompanying notes are an integral part of the financial statements.
(Please refer to the Deloitte & Touche auditors' report dated March 24, 2022.)

Chairman: Kuo Wei-Wu Manager: Kuo Wei-Wu Accounting Manager: Hung Ya-Ching

K Laser Technology Inc.
Notes to the Financial Report
Jan 1 to December 31, 2021 and 2020
(In thousands of New Taiwan Dollars, except as otherwise indicated herein)

I. Corporate History

K Laser Technology Co., Ltd. ("K Laser" or the "Company") was incorporated in Hsinchu Science Industrial Park in April 1988. Its main business items are research and development, production, manufacturing and sales of laser holographic packaging materials, products and optical instruments.

On December 9, 1999, the Company's shares began trading on the Taipei Exchange (TPEx), and were subsequently listed on the Taiwan Stock Exchange (TWSE) on September 17, 2001.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. Date and Procedure of Adoption of Financial Statements

The financial statements were adopted by the board of directors of the parent on March 24, 2022.

III. Applicability of New and Amended Regulations and Interpretations

(1) We initially apply International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the FSC) of the Republic of China.

Except as otherwise explained below, the application of the amended IFRSs, which are recognized and published by the FSC, will not cause any significant change in accounting policies of the Group.

Amendments to IFRS 16 "Rent concession in COVID-19 after June 30, 2021

The Company chooses to apply this amendment, extending the applicable conditions of practical manner to the payment due before June 30, 2022. Please refer to Note 4 for relevant accounting policies of practical manner.

(2) IFRSs recognized by the FSC, which were applied in 2022

Standards Issued / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB
"Annual Improvement to Standards 2018-2022 Cycle"	Jan 1, 2022 (note 1)
Amendments to IFRS 3 " References to the Conceptual Framework"	Jan 1, 2022 (note 2)
Amendments to IAS 16 "Property, Plant and Equipment：Proceeds before Intended Use"	Jan 1, 2022 (note 3))
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	Jan 1, 2022 (note 4)

Note1：Amendments to IFRS 9 are applicable to exchanges of financial liabilities or modifications of terms occurring in an annual reporting period after January 1, 2022. Amendments IAS 41 "Agriculture" are applicable to measurement of fair value in an annual reporting period after January 1, 2022. Amendments to IFRS 1 "First-time Adoption of IFRSs" are applicable to retrospectively applicable to an annual reporting period after January 1, 2022.

Note 2： The amendments are applicable to a business combination, the acquisition date of which falls in an annual reporting period after January 1, 2022.

Note 3： The amendments are applicable to the property, plant and equipment that are not in such locations and such conditions until January 1, 2022 as expected by the management.

Note 4： The amendments are applicable to a contract under which the obligations have not been fully performed as of January 1, 2022.

As of the date of the issuance of this individual financial report, the revision of other evaluation standards and explanations of the Company will not have a significant impact on the financial status and financial performance.

(3) IFRSs that have been announced by IASB but have not been recognized or announced yet by the FSC

Standards Issued / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not decided yet
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9－-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (note 3)
Amendment to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction"	January 1, 2023 (note 4))

Note 1: Except otherwise as indicated herein, the standards newly issued/amended/revised or interpretations come into effect from the annual reporting period after the indicated date.

Note 2: The amendments are applicable to postponement of an annual reporting period after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies to be made in an annual reporting period after January 1, 2023.

Note 4： Except that deferred income tax is recognized on January 1, 2022 for the temporary difference between lease and decommissioning obligations, this amendment is applicable to transactions occurring after January 1, 2022.

1. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   According to the amendments, when the Company sells or contributes assets to its associate or the Company loses its control over its subsidiary but still has a significant impact on the subsidiary, the Company is required to recognize the income or loss generated from the transaction if the assets or subsidiary mentioned above falls in the definition of "business" stated in IFRS 3 "Business Combinations."

   In addition, when the Company sells or contributes assets to its associate or the Company loses its control over its subsidiary in a transaction made with its associate but still has a significant impact on the subsidiary, the Company is required to recognize the income or loss generated from the transaction to the extent that the equity of investors is irrelevant to the associate, that is to say, by writing off the Company's share of the income or loss, if the assets or subsidiary mentioned above is not defined as the "business" as stated in IFRS 3 "Business Combinations."

2. Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

   The amendments explain that to determine whether a liability is classified to be non-current, the Company should be evaluated to see whether it has the right at the end of a reporting period to defer the repayment deadline to at least 12 months beyond the reporting period. If the Company has such right at the end of the reporting period, the liability will be classified to be non-current no matter whether the Company is expected to exercise such right. The amendments also explain that in case the Company needs to comply with some specific conditions before being granting the right to defer repayment of liabilities, the Company is required to be in compliance with the specific conditions by or at the end of the reporting period, even when the

lender verifies thereafter whether the company complies with the conditions.

According to the amendments, for the purpose of liability classification, the aforementioned repayment refers to transfer of cash, other economic resources or the Company's equity instrument to the counterparty so as to eliminate the liabilities. However, if the counterparty may at its option request the Company to transfer its equity instrument so as to repay the liabilities in accordance with the terms provided for the liabilities, and if the option is separately recognized in equity in compliance with the provisions of IAS 32 "Financial Instruments: Presentation," then the aforementioned terms do not influence classification of liabilities.

3. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments expressly indicate that the Company shall disclose the information of material accounting policies based on the definition of material. If the information of accounting policies is reasonably expected to influence the decisions made by general users of financial statements based on the financial statements, then the information of accounting policies shall be regarded as material information. The amendments also explain:

- ☐ Information of accounting policies relevant to immaterial transactions or immaterial other matters or circumstances is regarded as immaterial information. The Company is not required to disclose such information.
- The Company may determine that the information of accounting policies is material based on the nature of the transactions or other matters or circumstances even though the amount is not significant.
- Not all information of accounting policies relevant to material transactions or material other matters or circumstances is regarded as material information.

In addition, examples are also given in the amendments to explain the information of accounting policies that is relevant to material transactions or material other matters or circumstances may be regarded as material information in any of the following situations:

(1) The Company changes accounting policies during a reporting period and the change results in material changes in the information in financial statements;

(2) The Company chooses, from the accounting policies permitted in the standards, the accounting policy applicable to the Company;

(3) The Company establishes accounting policies in compliance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" for a lack of specific standards;

(4) The Company discloses relevant accounting policies that it has to exercise material judgment or assumption to determine; or

(5) Complicated provisions for accounting treatment are involved and users of financial statements depend on such information to understand material transactions and material other matters or circumstances.

4. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments expressly indicate that accounting estimates refer to amounts in such currencies in financial statements as measured to be influenced by uncertainty. In applying an accounting policy, the Company may need to measure some items in its financial statements by using some estimated amounts that cannot be observed directly, so it needs to use measurement techniques and input values to establish accounting estimates for the purpose. If the influence of changes in measurement techniques and input values on accounting estimates is not related to correction of an error occurring in the previous period, then such changes are regarded as changes in accounting estimates.

In addition to the aforementioned impacts, the impacts of other standards, interpretations on the financial status and financial performance of the Company were still evaluated consistently by the Company as of the date when the financial report was approved to be published. Relevant impacts will be disclosed after the completion of the evaluation.

IV. Explanations of Material Accounting Policies

(1) Declaration of Compliance

The financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Preparation Basis

The financial report is prepared on the basis of historical cost, except for financial instruments, which are measured at fair value.

Fair value measurement is classified from level 1 to level 3 based on observable level and importance of relevant inputs.

1. Level 1 Inputs: They refer to the prices of the same assets or liabilities obtained in the active market on measurement date (not adjusted).
2. Level 2 Inputs: They refer to direct inputs (i.e. prices) or indirect inputs (presumed from prices) observable, except level 1 prices, for assets or liabilities.
3. Level 3 Inputs: They refer to inputs not observable for assets or liabilities.

When preparing the financial report, the Company treated its investee companies by using the equity method. For making the current profit (loss), other comprehensive income (loss) and equity stated in the financial report consistent with such current profit (loss), other comprehensive income (loss) and equity attributed to owners of the Company as stated in the consolidated financial report of the Company, the Company dealt with differences between separate basis and consolidated basis in accounting treatment by adjusting "investments accounted for using the equity method," "share of subsidiaries

accounted for using the equity method," "share of other comprehensive income (loss) of subsidiaries accounted for using the equity method" and relevant equity items.

(3) Standards of Distinguishing Current Assets and Liabilities from Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for transaction;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including the same that would be used to exchange or pay off liabilities 12 months after the balance sheet date and be therefore restricted).

Current liabilities include:

1. Liabilities held primarily for transaction;
2. Liabilities due and repaid within 12 months after the balance sheet date
3. Liabilities for which the repayment period is not unconditionally allowed to be postponed to at least 12 months after the balance sheet date.

The assets and liabilities which are not listed as current assets and current liabilities above are classified as non-current assets and non-current liabilities.

(4) Foreign Currency

For the transactions completed by using a foreign currency rather than the functional currency of the Company, the Company shall convert the foreign currency to the functional currency at the exchange rate prevailing on the date of transaction in preparing the financial report.

Foreign monetary items are converted at the closing rate on the balance sheet date. Exchange differences generated from the transfer or conversion of monetary items are recognized in profits or losses for the current year when the differences occur.

Foreign currency non-monetary items measured at fair value are converted at the exchange rate on the date when fair value is determined. Exchange differences generated are listed as current profits or losses. However, in case of changes in fair value recognized in other comprehensive incomes or losses, the exchange differences generated are listed as other comprehensive incomes or losses.

Foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction and will not be re-converted.

In preparing the financial report, the Company converts the assets and liabilities of the overseas entities of the Company (including the subsidiaries and associates using, and the subsidiaries and associates operating in the countries using, any currency that differs from the currency used by the Company) to NT dollars at the exchange rate on the balance sheet date. Incomes and expenses are converted at the average exchange rate of the current year. Exchange differences generated are recognized as other comprehensive incomes or losses.

(5) Inventories

Inventories include merchandise, raw materials, finished goods and work in process. Inventories are measured by using the lower of cost or net realizable value method. Cost and net realizable value are compared base on each individual item, except the same type of inventories. Net realizable value refers to the amount of the selling price, estimated in normal circumstances, from which the estimated cost required to be put in prior to the completion and the estimated cost needed for the completion of sale are subtracted. Cost of inventories is calculated by using the weighted average method.

(6) Investments Accounted for Using the Equity Method

The Company uses the equity method to deal with its investments in subsidiaries and associates.

1. Investments in Subsidiaries

Subsidiaries refer to the entities over which the Company has control.

With the equity method, investments are originally recognized at cost and the book amount after the acquisition date increases or decreases by the amount of the profits or losses, share of other comprehensive income (loss) and profit distributions to be attributed to the Company. Changes in other equity of subsidiaries to be attributed by the Company are recognized at the percentage of its shareholding.

When changes in the Company's ownership interest in a subsidiary do not cause the Company to lose its control over the subsidiary, such changes are treated as equity transactions. The difference between the book amount of investment and the fair value of paid or received consideration is recognized as equity directly.

When the Company's share of loss in a subsidiary equals or exceeds its equity in the subsidiary (including the book amount of the subsidiary under the equity method and other long-term equity comprising the Company's net investment in the subsidiary), a loss is recognized continuously at the percentage of the Company's shareholding.

The portion of acquisition cost in excess of the Company's share of fair value of identifiable assets and liabilities of a subsidiary on the acquisition date is listed as goodwill. The goodwill is included in the book amount of the investment and shall not be amortized. The portion of the Company's share of fair value of identifiable assets and liabilities of a subsidiary on the acquisition date in excess of the acquisition cost is listed as current income.

When losing its control over a subsidiary, the Company measures its remaining investment in the former subsidiary at fair value on the date when it loses its control. The deference between the fair value of the remaining investment and any proceeds from the disposal and the book amount of the investment on the date when it loses its control is listed as current profit or loss. The basis of accounting treatment used for all subsidiary-related amounts recognized as other comprehensive income or loss shall

be the same as that required to be complied with by the Company in disposing relevant assets or liabilities directly.

Unrealized profits or losses from downstream transactions between the Company and a subsidiary are written off in the financial report of the Company. Profits or losses generated from upstream, downstream and sidestream transactions between the Company and a subsidiary are recognized in the financial report of the Company only to the extent that the equity of the subsidiary owned by the Company is not influenced accordingly.

2. Investments in Associates

An associate refers to an enterprise on which the Company has a significant influence and that is not a subsidiary or joint venture of the Company.

Investments made by the Company in associates are measured by using the equity method. With the equity method, investments in associates are originally recognized at cost. After the date of acquisition, the book amount increases or decreases correlatively subject to the profits or losses, share of other comprehensive incomes or losses and profit distribution enjoyed by the Company from associates. Besides, changes in entity of associates are recognized proportionally based on the ratio of shareholding.

Acquisition cost exceeding the Company's share of the identifiable assets and liabilities of associates in fair value on the date of acquisition is recognized as goodwill. The goodwill is included in the book amount of the investments and shall not be amortized. The Company's share of the identifiable assets and liabilities of associates in faire value on the date of acquisition in excess of acquisition cost is recognized as current profits or losses.

If the Company fails, when an associate issues new shares, to subscribe for the shares proportionally at the rate of its shareholding so that the rate of its shareholding changes and the net equity of the investment increases or decreases accordingly, then capital reserve shall be adjusted by such increase or decrease – changes in net equity of associates and joint ventures accounted for using the equity method, and investments accounted for using the equity method. However, in case of its failure to subscribe for or obtain shares proportionally at the rate of its shareholding so that its ownership interest in the associate decreases, then the associate-related amount recognized as other comprehensive incomes or losses shall be reclassified at the ratio of decrease in the amount, and the basis of accounting treatment used shall be the same as that required to be complied with by the associate if it was required to dispose relevant assets or liabilities directly. If the aforementioned adjustment is debited to capital reserve and the balance of capital reserve generated from the investments accounted for using the equity method is not sufficient, the difference shall be debited to retained earnings.

When the Company's share of loss in an associate equals or exceeds its interest in the associate (including the book amount of

investments in the associate accounted for using the equity method, and other long-term interest substantially comprising the Company's net investments in the associate), no loss shall be further recognized. The Company recognizes additional losses and liabilities only to the extent of legal obligations or constructive obligations incurred or payments made on behalf of the associate.

In evaluating impairment, the Company regards the entire book amount of investments (including goodwill) as single assets and compares the recoverable amount with the book amount to perform the impairment test. The impairment loss recognized is part of the book amount of investments. Any revere of impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investments.

The Company stops using the equity method when it does not invest in the associate anymore. Its retained interest in the associate is measured at faire value. The difference between the faire value and disposal proceeds and the book amount of investments as of the date when it stops using the equity method is listed in current profits or losses. For all amounts relevant to the associate and recognized as other comprehensive income or loss, the basis of accounting treatment used shall be the same as that required to be complied with by the associate if it was required to dispose relevant assets or liabilities directly. If investments originally made in an associate become investments in a joint venture, or investments originally made in a joint venture become investments in an associate, then the Company will use the equity method continuously and will not measure separately for the retained interest.

Profits or losses generated from upstream, downstream and sidestream transactions between the Company and an associate are recognized in the financial report only to the extent that the equity of the associate owned by the Company is not influenced accordingly.

(7) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and measured subsequently based on the amount of cost less both accumulated depreciation and accumulated impairment loss.

Each important portion of the property, plant and equipment within service life is depreciated by using the straight line method. The Company reviews the estimated service life, residual value and depreciation method at least at the end of every year and put off the impact on applicable changes in accounting estimates.

Upon derecognition of property, plant and equipment, the difference between the net proceeds on disposal and the book amount of the assets is recognized in profits or losses.

(8) Investment Property

Investment property refers to the property possessed for earning rents and/or capital appreciation.

Investment property is originally measured at cost (inclusive of transaction cost) and is subsequently measured based on the amount of

cost less accumulated depreciation and accumulated impairment loss. The Company allocates depreciation on a straight-line basis.

Upon derecognition of Investment property, the difference between the net disposal proceeds and the book amount of such assets is recognized in profits or losses.

(9) Intangible Assets

1. Individual Acquisition

Intangible assets with limited service life acquired individually are originally measured at cost and measured subsequently based on the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized within service life by using the straight line method. Estimated service life, residual value and amortization method shall be reviewed at least at the end of every year and the impact on applicable changes in accounting estimates shall be put off. Intangible assets without defined service life are listed at cost less accumulated impairment loss.

2. Derecongition

Upon derecongition of intangible assets, the difference between the net disposal proceeds and the book amount to such assets is recognized in current profits or losses.

(10) Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Property and Intangible Assets

The Company evaluates on every balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets, investment property or intangible assets may be impaired. In case of any sign of impairment, a recoverable amount is estimated for the assets. If a recoverable amount cannot be estimated for any individual asset, the Company will estimate the recoverable amount of the CGU of the concerned asset.

As for the intangible assets without defined service life and that have not been available for use, the test is conducted at least every year and upon occurrence of a sign of impairment.

The recoverable amount is the higher of fair value less costs to sell and use value. If the recoverable amount of individual assets or CGUs is less than the book amount thereof, then the book amount of the assets or CGUs will be reduced to the recoverable amount, and the impairment loss will be recognized in profits or losses.

Upon subsequent reverse of impairment loss, the book amount of the assets or CGUs is increased to the revised recoverable amount. However, the increased book amount shall not exceed the book value (less amortization or depreciation) determined if the impairment loss of the assets or CGUs was not recognized in the previous year. Reverse of impairment loss is recognized in profits or losses.

(11) Non-current Assets Held for Sale

The book amount of non-current assets are classified as assets held for sale when they are expected to be traded instead of being used continuously and then recycled. The non-current assets as classified above shall be available for sale immediately in their current status and such sale shall be highly possible. The sale is highly possible when

proper levels of management commit to a plan of selling such assets and the sale transaction is expected to be completed within a year after the date of classification.

(12) Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contract concerning the instruments.

If financial assets or financial liabilities are not measured at fair value through profit or loss ("FVTPL"), the financial assets or financial liabilities, upon original recognition, are measured at fair value plus transaction cost attributable directly to the obtained or issued financial assets or financial liabilities. Transaction cost attributable directly to the obtained or issued financial assets or financial liabilities at FVTPL is recognized as profits or losses immediately.

1. Financial Assets

Routine transactions of financial assets are recognized and derecognized on transaction date.

(1) Type of Measurement

Financial assets held by the Company are financial assets at FVTPL, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI").

A. Financial Assets at FVTPL

Financial assets at FVTPL include the financial assets that are enforced or designated to be measured at FVTPL. The financial assets enforced to be measured at FVTPL include the investments in equity instruments not designated by the Company to be measured at FVTOCI, and the investments in debt instruments not classified as those measured at amortized cost or measured at FVTOCI.

Financial assets at FVTPL are measured at fair value. Refer to Note 28 for the method used to determine fair value.

B. Financial Assets at Amortized Cost

Financial assets invested by the Company are classified as the financial assets measured at amortized cost if both of the following conditions are satisfied simultaneously:

a. The financial assets are possessed in a specific business model, and the model is used to acquire contractual cash flows by possessing financial assets; and
b. Cash flows generated on the specific date as provided in contractual terms are completely used for payment of principals and the interest on the outstanding principals.

After being recognized originally, the financial assets measured at amortized cost (including cash and cash equivalents, trade receivables measured at amortized cost, etc.) are measured at the amortized cost of the total book amount less any impairment loss determined by the

effective interest method. Foreign exchange gains or losses are recognized in profits or losses.

Interest income is computed at the effective interest rate multiplied by the total book amount of financial assets, except in either of the following situations:

a. For the credit-impaired financial assets purchased or established, interest income is computed at the effective interest rate, after credit adjustment, multiplied by the amortized cost of the financial assets.
b. If the financial assets without credit impairment upon purchase or establishment become credit-impaired subsequently, then interest income is computed at the effective interest rate multiplied by the amortized cost of the financial assets from the reporting period following the reporting period in which credit impairment occurs.

Credit-impaired financial assets refer to the financial assets, the issuer or debtor of which has serious financial difficulty or violates the contract, or the debtor of which may apply for bankruptcy or financial restructuring, or the active market of which disappears due to financial difficulty.

Cash equivalents include the time deposits lasting for no more than 3 months, or for a period between 3 and 12 months, after the acquisition date, with the interest, obtained in case of early termination, higher than that for current deposits, and the time deposits that are highly liquid and may be transferred to a fixed amount of cash any time with minimal risk of changes in value to fulfill short-term cash commitments.

C. Investments in Equity Instruments at FVTOCI

Upon original recognition, the Company may irrevocably choose to indicate that the investments in equity instruments which are not possessed for sale and not recognized by acquirers of business combinations or for which considerations are provided shall be measured at FVTOCI.

Investments in equity instruments at FVTOCI are measured at fair value, and the subsequent changes in fair value are listed in other comprehensive incomes or losses and accumulated in other equity. Upon disposal of investments, accumulated profits or losses are transferred directly to retained earnings and will not be reclassified as profits or losses.

Dividends for investments in equity instruments at FVTOCI are recognized in profits immediately when the Company's right to collect payments has been established unless the dividends obviously represent part of the investment cost recovered.

(2) Impairment of Financial Assets

The Company evaluates impairment loss of financial assets at amortized cost based on the expected credit loss every balance sheet date.

Loss allowances for trade receivables are recognized based on the expected credit loss for the duration of trade receivables. As for other financial assets, the Company determines whether credit risks increases significantly after the original recognition of such other financial assets. If the risk does not increase significantly, then loss allowances for other financial assets are recognized based on the expected credit loss for 12 months. If the risk increases significantly, loss allowances are recognized based on the expected credit loss for the duration of such other financial assets.

The expected credit loss refers to the weighted average credit loss computed by weighting the risk of a breach of contract. The expected credit loss for 12 months means the expected credit loss incurred due to violation of a financial instrument within 12 months after the date of reporting. The expected credit loss for the duration means the expected credit loss incurred due to all violations of a financial instrument for the duration of the financial instrument.

For internal credit risk management, the Company determines, without taking any collateral it possesses into account, that a breach of contract with respect to financial assets occurs in case of any of the following situations:

A. Internal or external information indicates that it is impossible for the debtor to repay debts.
B. Financial assets have expired unless any reasonable and supporting information indicates that the postponed violation basis is more appropriate.

For all financial assets, impairment loss is reflected by reducing the book amount of the financial assets through the allowance account.

(3) Derecognition of Financial Assets

The Company derecognizes financial assets only when their rights to cash flows from financial assets under a contract expire or when financial assets have been transferred and almost all risks of ownership of the assets and payments of the assets have been transferred to other enterprises.

Upon derecognition of the entire financial assets measured at amortized cost, the difference between the book amount of the financial assets and the received consideration is recognized in profits or losses. Upon derecognition of the entire investments in equity instruments measured at FVTOCI, the accumulated profits or losses of the investments in equity instruments are transferred to retained earnings directly instead of being reclassified as profits or losses.

2. Equity Instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

The equity instruments issued by the Company are recognized based on the obtained consideration less the cost of direct issuance.

The equity instruments of the Company taken back are recognized as and subtracted from equity. No purchase, sale, issuance or annulment of equity instruments of the Company shall be recognized as profit or loss.

3. Financial Liabilities

(1) Subsequent Measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost by effective interest method:

Financial liabilities measured at fair value through profit or loss include those held for trading and designated at fair value through profit or loss. The financial liabilities held for trading are measured at fair value, and the gains or losses arising from other remeasurements are recognized as other gains and losses.

(2) Derecognition of Financial Liabilities

Derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Convertible Corporate Bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity respectively at the time of original recognition according to the essence of the contractual agreement and the definition of financial liabilities and equity instruments.

At the time of initial derecognition, the fair value of the components of the liability is estimated at the current market interest rate of similar non-convertible instruments, and measured at the amortized cost calculated by the effective interest method before the conversion or maturity date. The components of liabilities embedded in non-equity derivatives are measured at fair value.

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity respectively at the time of original recognition according to the essence of the contractual agreement and the definition of financial liabilities and equity instruments. If the conversion right of convertible corporate bonds has not been executed on the maturity date, the amount recognized in equity will be transferred to capital reserve-issue premium.

(13) Liability Reserve

The amount recognized as liability reserve is the best estimate of the amount needed, in consideration of the risk of obligations and uncertainty into account, to repay obligations on the balance sheet date. Liability reserve is measured based o the present discounted value of the cash flows expected to repayment of obligations.

(14) Revenue Recognition

After identifying its obligations under a contract made with a customer, the Company amortizes the transaction price to each obligation and recognizes revenue upon fulfillment of each obligation.

Sales Revenue

Sales revenue comes from sale of holographic products. The Company recognizes revenue and trade receivables on the point of time when all construal obligations for the sale of products are fulfilled or the customer has obtained the right to control and use the products and assumed the risk of product obsolescence.

For the goods delivered to be processed, revenue is not recognized upon such delivery as the ownership of processed goods is not transferred.

(15) Lease

Upon establishment of a contract, the Company evaluates whether the contract is (or includes) a lease.

1. The Company is a lessor.

   If almost all of the risks pertaining to the ownership of the assets and the compensation are required to be transferred to the lessee in accordance with the terms of the lease, then the lease is classified as a financed lease. All other leases are classified as operating leases.

When subleasing right-of-use assets, the Company determines the classification of the sublease (instead of the subject assets). However, if the master lease is applicable to the short-term leases for which the Company recognizes exemptions, then the sublease is classified as an operating lease.

Lease payments less lease incentives are recognized as incomes under the operating lease for the lease period on a straight-line basis.

2. The Company is a lessee.

For other leases, right-of-use assets and lease liabilities are recognized on the date of lease commencement, except for leases of low-value assets for which exemptions can be recognized and short-term leases, in which case, lease payments are recognize as expenses for the lease period on a straight-line basis.

Right-of-use assets are originally measured at cost (including the amount of originally measured lease liabilities, lease payments made before the date of lease commencement less the received lease incentives, the original direct cost and the estimated cost of restored subject assets). They are subsequently measured based on the cost less accumulated depreciation and accumulated impairment loss, and the remeasured amount of lease liabilities is adjusted accordingly. Right-of-use assets are expressed separately in the balance sheet.

Right-of-use assets are depreciated on a straight-line basis between the date of lease commencement and the expiration of the service life or expiration of the lease period, whichever comes first.

Lease liabilities are originally measured based on the current value of lease payments (including periodical payments, substantially periodical payments, lease payments subject to changes in the index or rate, amounts expected to be paid by the leasee to the extent of the guaranteed residual value, prices exercising based on call options ensured reasonably, and penalties for lease termination reflected already in the lease period less the received lease incentives). If a lease implies an interest rate that can be determined easily, then lease payments are discounted at the interest rate. If the interest rate cannot be determined easily, then the lessee's incremental borrowing rate of interest is used.

After that, lease liabilities are measured at amortized cost by using the effective interest method, and interest expenses are amortized for the leasing. In case the lease period, the amount expected to be paid to the extent of the guaranteed residual value, the evaluation of call options for subject assets, or the index or rate determined for lease payments changes, then the Company remeasures lease liabilities and adjusts right-of-use assets accordingly. However, if the book amount of right-of-use assets has been reduced to zero, then the rest of the remeasured amount is recognized in profits or losses. Lease liabilities are expressed separately in the balance sheet.

Variable rents that are not subjected to the index or rate under the lease agreement are recognized as expenses for the year when the rents occur.

The Company negotiated with the lessor for the rents directly relevant to Covid 19 and adjusted the rents due before June 30, 2022 so that the adjusted rents were almost equal to the rents before the negotiation. The negotiation has not caused any change in other terms of the lease. The Company chose to deal with the negotiation expediently for the rents in the lease contract

satisfying the aforementioned conditions. The Company did not evaluate whether the negotiation was conducted to amend the lease, but intended to recognize the decrease in rent payments as profits upon occurrence of such decrease and reduce lease liabilities accordingly.

(16) Borrowing Cost

The borrowing cost directly attributable to the acquired assets is part of the cost of the assets until almost all activities necessary for the assets to be used or sold as expected have been completed.

If specific borrowings are used for temporary interments prior to the occurrence of the capital expenditure that meets requirements, then any and all investment incomes earned accordingly are subtracted from the borrowing costs satisfying the condition of capitalization.

Except otherwise as stated above, all other borrowing costs are recognized as losses for the year when the costs occur.

(17) Employee Benefits

1. Short-term Employee Benefits

   Liabilities relevant to short-term employee benefits are measured based on non-discounted amounts expected to pay to exchange for employees' service.

2. Post-employment Benefits

   As for retirement pensions under the defined contribution plan, the pension amounts allocated for the period when employees provide service are recognized as expenses.

   Defined costs (including service costs, net interest and remeasurements) of the defined benefit plan are calculated by using the projected unit credit method. Service costs, the previous year's service costs and net interest on defined benefit liabilities (assets) are recognized as employee benefit expenses upon their occurrence or when the plan is amended or reduced. Remeasurements (including actuarial gains and losses, changes in effects on asset ceiling, and return on plan asset less interest) are recognized in other comprehensive incomes or losses upon their occurrence and listed in other equity, and they are subsequently will not be reclassified to profits or losses.

   Net defined benefit liabilities (assets) are allocated shortage (surplus) of the defined benefit plan. Net defined benefit assets shall not exceed the current value of the refund of contributions from the plan or the reduction in future contributions.

3. Other long-term Employee Benefits

   The accounting treatment of other long-term employee benefits is the same as that of the defined benefit plan. However, relevant remeasurements are recognized in profits or losses.

(18) Share-based Payment Arrangement

Shares with restricted employee rights are based on the fair value determined on the grant date and the best estimated quantity expected to be acquired. Expenses are recognized on a straight-line basis within the acquired period, and other rights and interests are adjusted at the same time (employees have not earned remuneration). If it is acquired immediately on the date of grant, the expenses shall be fully recognized on the date of grant.

When the Company issues shares with restricted employee rights, it recognizes other rights and interests (employees have not earned remuneration) on the date of grant, and adjusts the capital reserve-shares with restricted employee rights.

On each balance sheet date, the Company revised the estimated number of shares with restricted employee rights. If the original estimated quantity is revised, the affected quantity will be recognized as profit and loss, so that the accumulated expenses will reflect the revised estimated quantity, and the capital reserve-stock with restricted employee rights will be adjusted accordingly.

Shares with restricted employee rights delivered by the Company's equity instruments to the employees of subsidiaries are regarded as capital investment in subsidiaries, and measured by the fair value of the equity instruments on the given date. They are recognized as an increase in the book value of investment in subsidiaries during the vested period, and other rights and interests are correspondingly adjusted (employees are not paid).

(19) Treasury Shares

When the Company buys back its outstanding shares to be treasury shares, the cost paid is debited to treasury shares, as a subtrahend under shareholders' equity.

Transfer of treasury shares to employees is treated in compliance with IFRS 2 "Share-based Payment." Upon cancellation of treasury shares, "treasures shares" are credited and "capital reserve－premium on shares" and "capital stock" are debited at equity ratio. If the book value of treasury shares is higher than the sum of par value and premium, then the difference writes off the capital reserve generated from the same type of treasury shares. In case of any shortage, retained earnings are debited again. If the book value is lower, then the difference is credited to the capital reserve generated from the same type of treasury shares. The book value of treasury shares is computed by using the weighted average method.

Shares of the Company held by its subsidiaries are treated as treasury shares.

(20) Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current Income Tax

The income tax on unappropriated earnings computed in accordance with the Income Tax Act of the Republic of China is recognized for the year when the resolution is adopted at the shareholders' meeting.

Adjustment made for the previous year's income tax payable is listed in current income tax.

2. Deferred Income Tax

Deferred income tax is computed based on temporary differences generated from the book amounts of assets and liabilities and the tax base used to compute taxable income.

Deferred income tax liabilities are generally recognized based on taxable temporary differences. Deferred income tax assets are recognized when there may probably be taxable incomes from which the tax credits generated from temporary differences and loss carryforwards can be subtracted.

Taxable temporary differences relevant to investments in subsidiaries and associates are recognized as deferred income tax liabilities, except when the Company is able to control the point of reverse of temporary differences and the taxable temporary differences will not be reversed in the foreseeable future. Deductible temporary differences relevant to the investments are recognized as deferred income tax assets only to the extent of the foreseeable reverse expected in the future when there is taxable income sufficient to realize temporary differences.

The book amount of deferred income tax assets is reviewed again on every balance sheet date. For all or part of assets that taxable income may probably not be sufficient to recover, the book value is reduced. Those that are not originally recognized as deferred income tax assets are also reviewed again on every balance sheet date. The book value is increased when there may be any taxable income used to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate applicable to the year when liabilities are expected to be repaid or assets are expected to be realized. The interest rate refers to the interest rate determined by the tax law that is enacted or substantially enacted as of the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences generated in the way that the Company expects to recover or repay the book amount of its assets or liabilities as of the balance sheet date.

3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profits or losses. However, the current and deferred income taxes relevant to the items recognized in other comprehensive incomes or losses or those included directly in equity are recognized in other comprehensive incomes or losses or included directly in equity respectively.

V. Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty

For relevant information not available by the Company from other resources in applying accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The actual result may probably differ from the estimate.

The Company has taken the recent development of the COVID-19 epidemic in Taiwan and its possible impact on the economic environment into consideration of major accounting estimates related to cash flow estimation, growth rate, discount rate, profitability, etc. The management will continuously review the estimates and basic assumptions. If a revised estimate only influences the current year, the estimate will be recognized in the year when it is revised. If a revised accounting estimate influences the current and future years, the estimate will be recognized in the year when it is revised and in the future year.

VI. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand and Revolving funds	$ 6,325	$ 6,552
Bank checks and saving deposits of bank	266,291	319,498
Time deposits	-	34,176
	$ 272,616	$ 360,226

(1) The market interest rate range of time deposits as of the balance sheet date is as follows: (The interest rate for checking deposits is 0%.)

	December 31, 2021	December 31, 2020
Demand deposits	0.001%-0.10%	0.001%-0.10%
Time deposits	-	0.32%

(2) The bank deposits of the Company for the following purposes have been reclassified to other current and non-current assets.

	December 31, 2021	December 31, 2020
Other current assets (Note 17)		
Bank short-term loan guarantee	$112,934	$ -
Guarantee deposits for land leases with Hsinchu Science Park	5,000	-
	$117,934	$ -
Other current assets (Note 17)		
Guarantee deposits for land leases with Hsinchu Science Park	$ 5,000	$ 5,000
Guarantee deposits for issuance of debentures	173,277	128,445
	$178,277	$133,445

VII. Financial Instruments at FVTPL

	December 31, 2021	December 31, 2020
Financial assets－current		
Measured at fair value through mandatory profit and loss.		
Derivatives (hedging not specified)		
Redemption right of convertible corporate bonds (Note 19)	$ 3,134	$ -
Non-derivative financial assets		
Beneficiary certificates of funds	-	5,265
	$ 3,134	$ 5,265
Financial assets－non-current		
Derivative instruments held for trading (hedging not specified)		
The right to sell back convertible corporate bonds (Note 19)	$ 855	$ -

VIII. Notes Receivable and Trade Receivables

	December 31, 2021	December 31, 2020
Notes receivable		
at amortized cost		
Total book amount	$ 8,638	$ 5,323
Trade receivables		
at amortized cost		
Total book amount	$ 113,051	$ 87,504
Less: Loss allowance	(39,820)	(50,053)
	$ 73,231	$ 37,451
Trade receivables from related parties (Note 29)		
at amortized cost		
Total book amount	$ 201,719	$ 169,268
Less: Loss allowance	-	(61,050)
	$ 201,719	$ 108,218

(1) Notes Receivable

The notes receivable of the Company as of December 31, 2021 and 2020 were not overdue.

(2) Trade Receivables

As for the payments of products sold by the Company, the average credit period is between 60 and 90 days after the date of monthly settlement. No interest accrues for trade receivables. To reduce credit risk, the management of the Company designates a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Company reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has significantly reduced.

As shown in the history of credit loss incurred by the Company, the Company uses different standards to evaluate the expected loss, and credit loss to customers in different fields of industry also varies. Thus different expected credit loss rates are determined in the provision matrix for customers in different areas and different fields of industry and for trade receivables overdue/with different payment periods.

If evidence shows that the counterparty encounters serious financial difficulties and the Company is unable to reasonably expect a recoverable amount, then the Company will write off relevant trade receivables directly; however, claiming activities will still continue. Amounts claimed and recovered are recognized in profits.

The analysis on aging of trade receivables based on days past due is as follows:

	December 31, 2021	December 31, 2020
Not overdue	$ 277,867	$ 171,740
1～60 days	12,587	15,682
61～90 days	6,680	8,241
91～180 days	13,886	34
181～360 days	3,747	1,582
Over 361 days	3	59,493
Total	$ 314,770	$ 256,772

Information of changes in trade receivables loss allowance is as follows:

	2021	2020
Beginning balance	$111,103	$ 22
Add: Acquisition from business combinations	-	111,777
Less: Reversal of expected credit impairment loss in the year	(61,138)	(694)
Less: Amounts written off actually for the year	(10,145)	(2)
Ending balance	$ 39,820	$111,103

In January, 2021, the Company converted the book amount of the accounts receivable of Boxlight Corporation to US$ 1,626,000 (which is the accounts receivable of US$ 1,983,000, less the provided

allowance loss of US$ 357,000) into 793,000 shares of Boxlight Corporation, and recorded them under the current assets to be sold.

IX. Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 19,994	$ 11,519
Work in process	2,472	3,276
Raw materials and supplies	37,214	52,480
Merchandise	24,970	16,123
	$ 84,650	$ 83,398

Cost of goods sold relevant to inventories was NT$1,100,196,000 and NT$666,235,000 respectively in 2021 and 2020.

Gains on recovery of net realizable value of inventories deducted from the cost of goods sold were NT$9,680,000 and NT$561,000 respectively for the years ended on December 2021 and 2020. Recovery of net realizable value was resulted from digestion of the inventories for which depreciation loss was originally allocated.

X. Current Assets Classified as Held for Sale

	December 31, 2021	December 31, 2020
Boxlight Corporation	$ 27,960	$ 15,100

The board of the Company approved a plan on March 30, 2020 to dispose all of its equity in Boxlight Corporation, an investee company measured by using the equity method. It is expected that the punishment procedure will be completed within 12 months, but the punishment progress has been actively carried out due to the restriction of local laws and regulations. The Company conducted impairment evaluation on the date of the board meeting where the plan was approved, and its book value was less than the fair value on the date. Thus it was reclassified to current assets held for sale based on its book value and was expressed separately in the balance sheet.

As of December 31, 2021, the Company possessed equity in Boxlight Corporation with fair value of NT$63,522,000.

XI. Financial Assets at FVTOCI

Investments in Equity Instruments－Non-current

	December 31, 2021	December 31, 2020
Domestic investments - non-listed (non-over-the-counter) stocks		
CM Visual Technology Corp.	$ -	$ 459
Chinese Development, Biomedicine and Venture Investment Co., Ltd.	26,726	32,457
Mega Plastic Industry Co., Ltd.	2,007	2,068
	$ 28,733	$ 34,984

To achieve objectives in its medium and long-term strategy, the Company has invested in common shares of the aforementioned companies and expected to acquire gains on the long-term investments.

The management of the Company believes that such investments will be inconsistent with the aforementioned long-term investment planning if the short-term fluctuation in fair value of such investments is listed in profit or loss, so the management determines that such investments are measured at FVTOCI.

XII. Investments Accounted for Using the Equity Method

	December 31, 2021	December 31, 2020
Investments in subsidiaries	$ 3,613,532	$ 3,684,525
Investments in associates	137,945	123,089
	$ 3,751,477	$ 3,807,614

(1) Investments in Associates

Subsidiaries of the Company are listed as follows:

Name of investee company	Main business activities	Place of incorporation and business	December 31, 2021 Book amount	December 31, 2021 Shareholding%	December 31, 2020 Book amount	December 31, 2020 Shareholding%
Listed (OTC) company						
Optivision Technology Inc.	Production and sale of optical instruments and electronic parts and components	Hsinchu City	$ 574,422	42	$ 664,562	41
Non-listed (OTC) company						
K Laser International Co., Ltd.	Reinvestment	British Virgin Islands	743,919	100	671,315	100
K Laser China Group Co., Ltd.	Reinvestment	British Virgin Islands	2,121,577	100	2,065,995	100
iWin Technology Co., Ltd.	Reinvestment	British Virgin Islands	14,851	49	18,359	49
Insight Medical Solutions Inc.	Research, development and sale of endoscopes used in gastrointestinal tracts	Hsinchu City	142,474	45	224,334	45
Guang Feng International Ltd.	Reinvestee company	Samoa	16,289	100	39,960	-
			$3,613,532		$3,684,525	

Information of the market price of equity investments in OTC companies accounted for using the equity method that was calculated at the closing price on the balance sheet date is as follows:

Company name	December 31, 2021	December 31, 2020
Optivision Technology Inc.	$ 817,073	$ 1,923,066

1. K Laser International Co., Ltd., which was incorporated in British Virgin Islands in October 2000, is a subsidiary 100% owned by the Company. The Company increased its capital by USD 800,000 in 2021, and as of December 31, 2020 and 2021, the accumulated investment of the Company was USD 20,341,000 and USD 19,541,000 respectively. The Company invests in entities in America, Asia and other foreign countries through K Laser International Co., Ltd. and mainly engages in production and sale of holographic products and fiber-optic communication related components and investment-related business.

2. K Laser China Group Co., Ltd., which was incorporated in British Virgin Islands in October 2000, is a subsidiary 100% owned by the Company. As of December 31, 2020 and 2021, the accumulated investments made by the Company was about USD21,289,000 and the percentage of shareholding was 100%. The Company invests in Wuxi K Laser Technology Co., Ltd., Dongguan K Laser Technology Co., Ltd., Hunan Herui Laser Technology Co., Ltd. and K Laser Technology (Hong Kong) Co., Ltd. in China indirectly through K Laser China Group Co., Ltd. and mainly engages in production and sale of laser products. The aforementioned indirect investments in China were approved by Investment Commission, MOEA.
3. Everest Display Inc., which was incorporated on July 20, 2001, mainly engages in production and sale of optical instruments and wireless communication mechanical equipment. The Company conducted a short-form merger with Everest Display on May 12, 2020. The record date of merger was June 30, 2020. The Company is the surviving company after the merger. All rights, obligations, claims and liabilities of Everest Display Inc. are assumed by the Company and detailed as follows:

	Amount
Assets assumed:	
Cash and bank deposits	$ 36,464
Notes receivable	57
Trade receivables	40,419
Inventories	62,625
Prepayments	386
Non-current assets held for sale	15,418
Other current assets	778
Investments accounted for using the equity method	25,034
Property, plant and equipment	2,356
Other non-current assets	5,376
	188,913
Liabilities assumed:	
Short-term borrowings	244,234
Short-term notes and bills payable	49,982
Notes payable	612
Trade payables	31,292
Other payables	4,966

(To be continued)

(continued)

	Amount
Other payables - related parties	$ 30,823
Current liabilities	70,647
	432,556
Net assets	($ 243,643)

4. Guang Feng International Ltd. had been a subsidiary 100% owned by Everest Display Inc. As the Company conducted a short-form merger with Everest Display Inc., Everest International became a subsidiary directly owned by the Company.
5. On December 24, 109, the Company was approved by the board of directors to participate in the cash capital increase of Optivision Technology Incorporated, and on December 31 of the same year, it subscribed for 3,267,000 shares of ordinary shares of Optivision Technology Incorporated for USD 228,719,000, with a shareholding ratio of 41% after the capital increase.

(2) Investments in Associates

Associates of the Company are listed as follows:

Name of investee company	Main business activities	Place of incorporation and business	December 31, 2021		December 31, 2020	
			Book amount	Shareholding%	Book amount	Shareholding%
Vicome Corp.	Manufacturing, processing, purchase and sale of fluorescent pigments and dyes	Yunlin County	$ 137,945	30	$ 123,089	30

The financial information of the Company's associates is compiled as follows:

	December 31, 2021	December 31, 2020
Total assets	$ 628,889	$ 622,149
Total liabilities	$ 172,266	$ 214,704

	2021	2020
Operating revenue for the year	$ 168,523	$ 132,317
Net profit for the year	$ 66,897	$ 40,276
Other comprehensive income (loss) for the year	($ 7,720)	($ 5,661)

The Company's share of the profits (or losses) and other comprehensive incomes (or losses) of its associates recognized by the Company in 2021 and 2020 using the equity method were recognized based on the financial statements of the same years audited by CPAs of the associates.

Investment gains and losses recognized for long-term equity investment treated by the equity method, including the 2021 and 2020 financial statements of Vicome Corp., Insight Medical Solutions Inc., Amagic Technologies U.S.A. (Dubai), the reinvestment company of K Laser International Co., Ltd., and K Laser International Co., Ltd. (Hong Kong), the reinvestment company of K Laser China Group Holding Co., Ltd, and the 2020 financial statements of Amagic Holographics India Private Limited were not audited by the certified public accountant of the company, but by other accountants. On December 31, 2021 and 2020, the investment amount of the above equity method was NT $397.729,000 and NT $436.955,000 respectively; The amount of investment profit and loss recognized by the invested company adopting the equity method in 2021 and 2020 was NT $52,908,000 for loss and NT $42,475,000 for profit, respectively.

XIII. Property, Plant and Equipment

	December 31, 2021	December 31, 2020
House and building	$ 97,342	$ 103,787
Machinery equipment	18,343	23,089
Other equipment	49,526	26,332
Unfinished construction and equipment pending acceptance	501	5,849
	$ 165,712	$ 159,057

	Houses and buildings	Machinery and equipment	Other equipment	Unfinished works and equipment to be inspected	Total
Cost					
Balance on January 1, 2021	$ 339,149	$ 151,133	$ 125,069	$ 5,849	$ 621,200
Add	718	3,282	33,897	501	38,398
Disposal	-	-	(175)	(3,396)	(3,571)
Reclassification	(258)	(2,305)	4,816	(2,453)	(200)
Balance at December 31, 2021	$ 339,609	$ 152,110	$ 163,607	$ 501	$ 655,827
Accumulated depreciation and impairment					
Balance on January 1, 2021	$ 235,362	$ 128,044	$ 98,737	$ -	$ 462,143
Depreciation expense	6,916	8,166	13,032	-	28,114
Disposal	-	-	(142)	-	(142)
Reclassification	(11)	(2,443)	2,454	-	-
Balance at December 31, 2021	$ 242,267	$ 133,767	$ 114,081	$ -	$ 490,115
Net amount at December 31, 2021	$ 97,342	$ 18,343	$ 49,526	$ 501	$ 165,712

(Continued)

(Continued)

	House and building	Machinery equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost					
Balance at January 1, 2020	$ 316,185	$ 217,655	$ 148,734	$ 3,396	$ 685,970
Addition	162	4,038	4,737	2,453	11,390
Disposition	(8,228)	(70,560)	(31,881)	-	(110,669)
Acquisition of business combinations	-	-	3,617	-	3,617
Reclassification	31,030	-	(138)	-	30,892
Balance at December 31, 2020	$ 339,149	$ 151,133	$ 125,069	$ 5,849	$ 621,200
Accumulated depreciation and impairment					
Balance at January 1, 2020	$ 216,304	$ 189,228	$ 120,565	$ -	$ 526,097
Depreciation expense	6,834	9,376	8,679	-	24,889
Disposition	(8,228)	(70,560)	(31,677)	-	(110,465)
Acquisition of business combinations	-	-	1,261	-	1,261
Reclassification	20,452	-	(91)	-	20,361
Balance at December 31, 2020	$ 235,362	$ 128,044	$ 98,737	$ -	$ 462,143
Net at December 31, 2020	$ 103,787	$ 23,089	$ 26,332	$ 5,849	$ 159,057

(1) Property, plant and equipment of the Company is depreciated based on the following service lives on a straight-line basis.

Building	
House and building	25 ~50 years
House furnishings	2~10 years
Machinery equipment	2~15 years
Other equipment	3~11 years

(2) The balance of property, plant and equipment not depreciated yet by the Company and the investment property mortgaged to the bank as security for loans as of December 31, 2021 and 2020 are detailed as follows:

	December 31, 2021	December 31, 2020
House and building	$ 97,342	$ 103,787
Investment property	36,590	37,869
	$ 133,932	$ 141,656

XIV. Lease Agreement

(1) Right-of-use Assets

	December 31, 2021	December 31, 2020
Book amount of right-of-use assets		
Land	$ 65,148	$ 69,220
Building	1,713	2,569
Transportation equipment	3,924	1,840
	$ 70,785	$ 73,629

	2021	2020
Added right-of-use assets	$ 3,655	$ 712
Expense of depreciation of right-of-use assets		
Land	$ 4,072	$ 4,072
Building	856	856
Transportation equipment	1,571	1,835
	$ 6,499	$ 6,763

(2) Lease Liabilities

	December 31, 2021	December 31, 2020
Book amount of lease liabilities		
Current	$ 6,023	$ 6,023
Non-current	$ 66,131	$ 68,598

The range of discount rates for lease liabilities is as follows:

	December 31, 2021	December 31, 2020
Land	1.4%	1.4%
Building	1.5%	1.5%
Machinery equipment	1.5%～1.83%	1.5%

(3) Other Lease Information

	2021	2020
Low-value asset lease expenses	$ 189	$ 178
Total cash outflow from leases	$ 7,324	$ 7,580

The Company chose to recognize exemptions applicable to the asset leases that are in line with short-term leases and did not recognize right-of-use assets or lease liabilities relevant to such leases.

XV. Investment Property

	December 31, 2021	December 31, 2020
Investment property	$ 36,590	$ 37,869

	2021	2020
Cost		
Balance at January 1	$ 130,902	$ 163,903
Disposition for the year	-	(1,971)
Reclassification	-	(31,030)
Balance at December 31	$ 130,902	$ 130,902
Accumulated depreciation and impairment		
Balance at January 1	$ 93,033	$ 113,995
Depreciation expense	1,279	1,461
Disposition for the year	-	(1,971)
Reclassification	-	(20,452)
Balance at December 31	$ 94,312	$ 93,033

The aforementioned investment property was depreciated based on the following service lives on a straight-line basis.

House and building	50 years
House furnishings	10 years

The Company appraised investment property based on the evaluation report and the fair value of investment property as of December 31, 2021 and 2020 was NT$95,386,000 and NT$98,642,000 respectively.

XVI. Other Intangible Assets

	December 31, 2021	December 31, 2020
Book amount of each category		
Computer software cost	$ 1,684	$ 2,393

	2021	2020
Cost		
Balance at January 1	$ 4,809	$ 5,980
Acquisition for the year	-	148
Disposition	(11)	(1,319)
Balance at December 31	$ 4,798	$ 4,809
Accumulated amortization and impairment		
Balance at January 1	$ 2,416	$ 2,971
Amortization expense	709	764
Disposition	(11)	(1,319)
Balance at December 31	$ 3,114	$ 2,416

Amortization expenses of the aforementioned intangible assets were allocated base on their respective service lives on a straight-line basis of 3~5 years.

XVII. Other Assets

	December 31, 2021	December 31, 2020
Refundable deposits	$ 14,409	$ 15,530
Prepaid expenses and prepayments	14,293	15,838
Restricted assets (Note 6)	296,211	133,445
Others	2,653	3,211
	$ 327,566	$ 168,024
Current	$ 133,354	$ 16,781
Non-current	194,212	151,243
	$ 327,566	$ 168,024

XVIII. Borrowings

(1) Short-term Borrowings

	December 31, 2021		December 31, 2020	
	Interest rate	Amount	Interest rate	Amount
Bank credit loan	0.85%～1%	$ 350,000	0.85%～1.4%	$ 430,000
Bank guaranteed loan (see note 30)	0.34%	100,000	-	-
		$ 450,000		$ 430,000

The bank credit loans of the company as of December 31, 2021 and 2020 were jointly guaranteed by the chairman of the company, Mr. Guo Weiwu, and the bank guaranteed loans were guaranteed by bank deposits. Please refer to note 30 for further details.

(2) Short-term Notes and Bills Payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 160,000	$ 300,000
Less: Discount on short-term notes and bills payable	(52)	(83)
	$ 159,948	$ 299,917

Short-term notes and bills payable not due yet are as follows:

December 31, 2021

Guarantee / acceptance institution	Face amount	Discount amount	Carrying amount	Interest rate range
Commercial paper payable				
International ticket	$ 30,000	$ 9	$ 29,991	0.958%
China ticket	50,000	5	49,995	0.978%
Mega ticket	50,000	24	49,976	0.988%
Dah Chung tickets	30,000	14	29,986	0.950%
	$ 160,000	$ 52	$ 159,948	

December 31, 2020

Guarantee/acceptance institution	Face value	Discount	Book amount	Interest rate range
Commercial paper payable				
International Bills Finance Corp.	$ 50,000	$ 29	$ 49,971	0.938%
China Bills Finance Corp.	50,000	7	49,993	0.978%
Mega Bills Finance Corp.	50,000	13	49,987	0.978%
Taiwan Finance Corp.	50,000	6	49,994	0.958%
Ta Ching Bills Finance Corp.	50,000	21	49,979	0.978%
Dah Chung Bills Finance Corp.	50,000	7	49,993	0.978%
	$ 300,000	$ 83	$ 299,917	

Mr. Kuo Wei-Wu, Chairman of the Company, was a joint guarantor for the short-term notes and bills payable of the Company as of December 31, 2021 and 2020.

(3) Current Portion of Long-term Liabilities

	December 31, 2021	December 31, 2020
Current portion of long-term loans	$ -	$ 100,000

(4) Long-term Borrowings

	December 31, 2021		December 31, 2020	
	Interest rate %	Amount	Interest rate %	Amount
Guaranteed loans				
Taipei Fubon Bank (Arranger of the syndicated loan)				
The period of mortgage loan is 2019 / 12 ~ 2022 / 12. The interest is paid quarterly and used in installments. It can be used circularly, but each use shall not exceed 6 months.It was fully paid off in advance in October 2021.	-	$ -	0.66	$ 400,000
Taipei Fubon Bank (Arranger of the syndicated loan)				
The period of mortgage loan is 2019 / 12 ~ 2022 / 12. The interest is paid monthly and used in installments. It can be used circularly, but each use shall not exceed 6 months.It was fully paid off in advance in September 2021.	-	-	1.79	400,000
Hua Nan Bank				
For mortgage loan, the interest shall be paid monthly during the period from 2021 / 11 to 2023 / 11, and the principal shall be repaid at one time when due.	1.08	350,000	-	-

(Continued)

(Continued)

	December 31, 2021		December 31, 2020	
	Interest rate %	Amount	Interest rate %	Amount
Loans without collateral				
JihSun Bank				
Credit loan, with a period of 2018 / 11 ~ 2020 / 11, the interest is paid monthly, and the principal is repaid once due.It has been extended since November 2020 and 2021, and the maturity date is November 2023.Part of the loan was repaid in March and November, 2021.	1.15	$ 44,000	1.2	$ 100,000
KGI Bank				
A credit loan for the period between November 2019 and November 2021, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from December 2020 with the maturity date in December 2022. It was fully paid off in advance in December 2021.	-	-	0.99	80,000
Taipei Fubon Commercial Bank				
Credit loan, with a period of 2021 / 12 ~ 2023 / 5, the interest is paid monthly, and the principal is repaid once due.	1.04	100,000	-	-
Taipei Fubon Bank				
A credit loan for the period between July 2018 and May 2020, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from May 2019 with the maturity date in May 2021. It was fully paid off in advance in March 2021.	-	-	1.47	50,000
Taipei Fubon Bank				
A credit loan for the period between June 2020 and May 2022, with interest to be paid every month, and principal to be repaid in full when due . It was fully paid off in advance in March 2021.	-	-	1.55	50,000
Chinatrust Commercial Bank				
A credit loan for the period between February 2019 and October 2020, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from August 2020 with the maturity date in August 2022. It was fully paid off in advance in March 2021.	-	-	1.22	100,000
Yuanta bank				
Credit loan, with a period of 2021 / 7 ~ 2023 / 3, the interest is paid monthly, and the principal is repaid once due.	1.05	100,000	-	-
Yuanta Commercial Bank				
A credit loan for the period between March 2019 and March 2021, with interest to be paid every month, and principal to be repaid in full when due	-	-	0.95	100,000

(Continued)

(continued)

	December 31, 2021		December 31, 2020	
	Interest rate%	Amount	Interest rate%	Amount
E. Sun Bank				
A credit loan for the period between March 2020 and September 2021, with interest to be paid every month, and principal to be repaid in full when due, which was extended for additional 2 years from October 2020 with the maturity date in October 2022. It was fully paid off in advance in March 2021.	-	$ -	1.23	$ 50,000
Bank of Panshin				
A credit loan for the period between July 2020 and May 2022, with interest to be paid every month, and principal to be repaid averagely every season from the 13th month . It was extended for 2 years from June 2019 and July 2020, and the maturity date was May 2022.It was fully paid off in advance in March 2021.	-	-	1.3	20,000
Cathay Pacific Bank				
Credit loan, period 2021 / 1 ~ 2022 / 10 , the interest is paid monthly and the principal is repaid in a lump sum when due.It is extended for 2 years from October 2021, and the maturity date is October 2023.	0.93	150,000	-	-
O-Bank				
Credit loan, period 2021 / 10 ~ 2023 / 10 , the interest is paid monthly and the principal is repaid in a lump sum when due.	1.19	50,000	-	-
Less: Current portion of long-term loans		-		(100,000)
		$ 794,000		$ 1,250,000

1. For enriching its working capital and repaying corporate bonds, the Company had Taipei Fubon Bank arrange a syndicated loan. The Company then entered into a syndicated loan contract with 9 financial institutions in November 2019. The total line of credit was NT$800,000 thousand. As of December 31, 2020, the amount of drawdowns was NT$800,000 thousand and the balance of borrowed money was NT$800,000 thousand. The joint loan contract was fully repaid in advance in October 2021.
   According to the provisions of the joint loan contract, the company shall maintain the following financial ratios in the company's annual consolidated financial statements before paying off all the debts of the contract:
   (1) Current ratio (i.e. the ratio of current assets to current liabilities) shall not be less than 100%.
   (2) Debt ratio (i.e. the ratio of total liabilities less cash and cash equivalents to tangible net worth) shall not be more than 100%.
   (3) Times interest earned (i.e. the ratio obtained from net profit before tax plus interest expense, depreciation and amortization divided by interest expense) shall not be less than 300%.
   (4) Tangible net worth shall not be less than NT$ 2,600,000 thousand.

2. The long-term loans listed above are the participating loans of Taipei Fubon Commercial Bank and Hua Nan Bank with the chairman of the company, Mr. Guo Weiwu, as the joint guarantor, and the real estate, plant and equipment and investment real estate as collateral.

XIX. Corporate bonds payable

	December 31, 2021
Debt components of the sixth domestic secured convertible corporate bonds	$ 552,053

On March 24, 2011, K Laser company issued 6000 new Taiwan dollar denominated secured convertible corporate bonds with a nominal amount of 101% and a nominal interest rate of 0%, with a total amount of 606 million.

(I) The conditions for the sixth domestic issuance of secured convertible corporate bonds by K Laser are as follows:

1. Issuance period: 5 years, from March 24, 2021 to March 24, 2026.
2. Denomination: NT $100 thousand
3. Place of issue and transaction: Domestic
4. Issue price: 101%
5. Total issue amount: NT $600 million
6. Coupon rate: 0%; Effective interest rate: 0.75%
7. Conversion right and subject matter: convert into ordinary shares of K Laser company according to the conversion price at the time of request.
8. Collateral: Bank pledged deposits of NT$ 173,277,000 and 10,000,000 ordinary shares of the subsidiary Optivision Technology.
9. Redemption and resale of bonds:
   (1) Redemption at maturity: after the issuance of this bond expires, the principal shall be repaid according to the face value.
   (2) Early redemption:
   K Laser company may, from the day following the issuance of the bonds for three months to 40 days before the expiration of the issuance period, if the closing price of K Laser company's common shares on the Taiwan Stock Exchange exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days, or the outstanding balance of this conversion company's bonds is less than 10% of the original issuance amount, K Laser company may, at any time thereafter, recover all bonds in cash according to the face value of the bonds.
   (3) Resale method:
   The bondholders can ask the optical group laser company to pay off in advance with 101.51% at the expiration of 3 years after the issuance of the bonds.
10. Conversion price and adjustment:

The conversion price of this convertible corporate bond is set on March 16, 2021 as the base date for setting the conversion price, and the conversion price is calculated as NT $19.8 per share.After the issuance of the convertible corporate bonds, the conversion price shall be adjusted in accordance with the issuance and conversion measures of the convertible corporate bonds; On December 31, 2011, the conversion price was NT $18.3.

(2) The convertible corporate bonds include assets, liabilities and equity components, and the equity components are expressed in capital reserve stock option under equity; The constituent elements of assets are embedded derivative financial products, and the constituent elements of liabilities are listed as embedded derivative financial products and non-derivative financial liabilities respectively. The effective interest rate originally recognized for non-derivative financial liabilities is 0.75%.

Issue price (deduct transaction cost of NT $ 5.3 million)	$ 600,700
Equity component	(20,280)
Financial assets - redemption rights	960
Financial liabilities - resale option	(3,540)
Composition of liabilities on the issue date	577,840
Conversion of corporate bonds payable into ordinary shares	(29,152)
Interest at effective interest rate of 0.75%	3,365
Composition of liabilities as at December 31, 2021	$ 552,053

The changes in financial assets / liabilities of principal contract debt instruments, redemption rights and call backs in the year 2021 are as follows:

	Master contract debt instrument part	Financial assets - redemption right	Financial liabilities - Resale right
Issue date	$ 577,840	$ 960	($ 3,540)
interest expense	3,365	-	-
Changes in fair value (profit or loss)	-	2,174	2,685
Conversion of corporate bonds payable into ordinary shares	(29,152)	-	-
Balance at December 31, 2021	$ 552,053	$ 3,134	($ 855)

The above balance of convertible corporate bonds is guaranteed by Taichung Commercial Bank Co., Ltd., and the consolidated company provides bank deposits as the guarantee of convertible corporate bonds. Mr. Guo Weiwu, chairman of K Laser, is the joint guarantor. Please refer to Notes 6, 29 and 30.

XX. Other payables

	December 31, 2021	December 31, 2020
December 31, 2018	$ 19,744	$ 17,520
Interest payable	301	436
Remuneration payable to employees and directors and supervisors	29,800	16,712
Labor fee payable	1,752	3,566
Processing fee payable	2,548	3,595
Payable for equipment purchase	1,143	1,506
Other	37,348	39,933
	$ 92,636	$ 83,268

XXI. Post-employment Benefit Plan

(1) Defined Contribution Plan

The retirement pension system provided in the Labor Pension Act, which is applicable to the Company, refers to the defined contribution plan managed by the government. The 6% of the monthly wages of an employee is allocated to the specific account of the individual with Bureau of Labor Insurance.

The amounts allocated for the years ended December 31, 2021and 2020 by the Company at the specific percent provided in the defined contribution plan have been recognized as expenses in the amount of NT$5,115 thousand and NT$4,665 thousand respectively in the statement of comprehensive income.

(2) Defined Benefit Plan

The retirement pension system provided in the Labor Standards Act of the Republic of China, which is applicable to the Company, refers to the defined benefit plan managed by the government. The retirement pension to an employee is computed based on the employee's service time and average wage of the 6 months immediately before the date of retirement approval. The Company allocates the 2% of the monthly wages of an employee to be the employees' retirement funds and transfers it to Supervisory Committee of Business Entities' Labor Retirement Reserve. The committee then deposits it to the specific account with Bank of Taiwan in the name of the committee. If the balance of the specific account at the end of a fiscal year is estimated not to be enough to be paid to the employees who will meet the requirements of retirement in the next year, the difference will be allocated in full by the end of March in the next year. The specific account is entrusted to Bureau of Labor Funds, Ministry of Labor to manage. The Company has no right to influence its investment and management strategies.

Amounts for the defined benefit plan in the balance sheet are listed as follows:

	December 31, 2021	December 31, 2020
Present value of a defined benefit obligation	$ 46,013	$ 44,619
Fair value of plan assets	(25,855)	(25,731)
Net defined benefit liabilities	$ 20,158	$ 18,888

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1, 2020	$ 49,662	($ 24,164)	$ 25,498
Service cost			
Current service cost	488	-	488
Interest expense (income)	372	(184)	188
Recognized in profit (loss)	860	(184)	676
Remeasurements			
Actuarial losses－Changes in demographic assumptions	-	(783)	(783)
Actuarial losses－Changes in financial assumptions	843	-	843
Actuarial losses－Experience adjustments	989	-	989
Actuarial losses－Changes in demographic assumptions	(1,285)	-	(1,285)
Recognized in other comprehensive income (loss)	547	(783)	(236)
Employer's contributions	-	(600)	(600)
Benefit payment	(6,450)	-	(6,450)
Balance at December 31, 2020	44,619	(25,731)	18,888
Service cost			
Current service cost	459	-	459
Interest expense (income)	223	(130)	93
Recognized in profit or loss	682	(130)	552
Re-measurement			
Return on planned assets	-	(323)	(323)
Actuarial losses - changes in demographic assumptions	1,443	-	1,443
Actuarial losses - changes in financial assumptions	(509)	-	(509)
Actuarial loss - Empirical adjustment	686	-	686
Recognized in other comprehensive profit or loss	1,620	(323)	1,297
Employer appropriation		(579)	579
Welfare payment	(908)	908	-
Balance at December 31, 2021	$ 46,013	($ 25,855)	$ 20,158

The amounts with respect to the defined benefit plan recognized in profit (loss) are complied by functions as follows:

	2021	2020
By functions:		
Operating cost	$ 210	$ 256
Selling and marketing	82	97
General and administrative	200	253
R&D expense	60	70
	$ 552	$ 676

The Company is exposed to the following risks with respect to the retirement pension system provided by the Labor Standards Act.

1. Investment Risk: Bureau of Labor Funds, Ministry of Labor invests the labor pension fund by itself or though an agent in domestic (foreign) domestic equity securities and debt securities, bank deposits and other subject matters. However, the distributable amount of the Company's plan assets is the income calculated at an interest rate not inferior to that announced by the local bank for 2-year time deposits.
2. Interest Rate Risk: Interest rates for government bonds are reduced so that the present value of defined benefit obligations increases. However, the return on debt investments with respect to plan assets increases accordingly. Both offset the impact on the net defined benefit liabilities partially.
3. Wage Risk: The present value of defined benefit obligations is calculated by taking future wages of plan members into account. Thus the increase in wages of plan members will result in an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of the Company is calculated by a qualified actuary. Material assumptions on the measurement date are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.50%
Expected rate of wage increments	2.00%	2.00%

In case of a reasonable and possible change in any material actuarial assumption, the increase (decrease) in the present value of defined benefit obligations on the premise that other assumptions remain unchanged is as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increased by 0.25%	($ 1,025)	($ 1,009)
Decreased by 0.25%	$ 1,064	$ 1,049
Expected rate of wage increments		
Increased by 0.25%	$ 1,034	$ 1,016
Decreased by 0.25%	($ 1,001)	($ 983)

The aforementioned sensitivity analysis may probably not reflect actual changes in the present value of defined benefit obligations as actuarial assumptions may correlate mutually and changes in only one assumption are not quite possible.

	December 31, 2021	December 31, 2020
Amount expected to be contributed in one year	$ 556	$ 579
Average expiration period of defined benefit obligations	11.0 年	11.5 年

XXII. Equity

(1) Capital Stock

Common Shares

	December 31, 2021	December 31, 2020
Authorized number of shares (Thousand shares)	200,000	200,000
Authorized capital stock	$ 2,000,000	$ 2,000,000
Number of issued and paid-in shares (Thousand shares)	165,969	159,325
Capital stock issued	$ 1,659,694	$ 1,593,246

Common shares are issued with par value NT$10. A shareholder is entitled to one vote for each share the shareholder holds and has the right to receive dividends.

K Laser company issued 5 million new shares of RSA and 1.644 million ordinary shares converted from corporate bonds in 2021, with a par value of NT $ 10 per share.

(2) Capital Reserve

The balance of each type of capital reserve as of December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Used to make good of loss, distribute cash or appropriate to be capital stock (1)		
Additional paid-in capital in excess of par - common shares	$ 467,997	$ 454,275
Transactions of treasury shares	28,216	28,216
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	93,210	69,189
Used to make good of losses only (2)		
Recognized changes in ownership interest in subsidiaries	61,961	33,667
Not used for any purpose		
Stock option	19,262	-
RSA	38,913	-
	$ 709,559	$ 585,347

1. Such capital reserve may be used to make good of loss and may be used to distribute cash or expand capital stock when the company has not loss; however, the amount used to expend capital stock is limited to a certain percentage of the paid-in capital.
2. Such capital reserve is either the equity transaction effect recognized for changes in the equity of the subsidiary or the capital surplus adjustment of the subsidiary accounted for using the equity method when the Company does not acquire or dispose the equity in the subsidiary, and shall be used only to make good of loss.

(3) Retained Earnings and Dividend Policies

In accordance with the earnings distribution policy of the articles of association of K Laser, the earnings, if any, at the final settlement of each season, shall be used to pay tax, make good of the previous year's loss and cover the retained employees' remuneration. Then the 10% of the rest of the earnings is allocated as legal reserve (however, no legal reserve shall be allocated if it reaches the amount of the total capital of the Company). Special reserve shall be allocated or reversed in accordance with regulations or as required by the competent authority. In case of any earnings left, the remaining earnings plus each season's accumulated undistributed earnings are accumulated and distributable earnings, for which the board of directors may prepare a proposal of earning distribution. The aforementioned earnings are distributed by issuing new shares and shall be distributed after being resolved at the shareholders' meeting. In case that the earnings are distributed in cash, the earning distribution is adopted only when more than two-thirds of directors shall appear at the meeting and more than a half of directors present approve. Then the approved earning distribution is reported at the shareholders' meeting. For the remuneration distribution policy of employees and directors, please refer to note 2 and 3.

The Company allocated special reserve based on the approval letters with Ref. No. 1010012865, Ref. No. 1010047490 and Ref. No. 1030006415 issued by the Financial Supervisory Commission and pursuant to the rules provided in the Questions and Answers Applicable to Special Reserve Allocated After Implementation of International Financial Reporting Standards (IFRSs). When the balance of the subtrahend under other shareholders' equity is reserved, earnings may be distributed for the reserved part.

Legal reserve shall be allocated until the balance thereof reaches the total paid-in capital of the company. Legal reserve may be used to make good of loss. When the company has no loss, the portion of legal reserve in excess of 25% of paid-in capital can be used to expand capital stock or be distributed in cash.

The company held an ordinary shareholders' meeting on May 28, 2020 and passed the resolution that due to the loss in 2019, there will be no distribution.

The board of directors of the company was held on March 23, 2011, and the resolution passed the 2020 annual surplus distribution plan as follows:

	Earning distribution	Dividend per share (NTD)
	2020	2020
Legal reserve	$ 12,894	$ -
Special reserve	$ 116,501	-
Cash dividends	$ 144,220	0.96

The above cash dividends were distributed by the resolution of the board of directors on March 23, 2021, and the remaining surplus distribution items were also approved by the resolution of the ordinary meeting of shareholders on July 2, 2021.

The company's 2021 year quarterly earnings distribution plan and cash dividend per share have been respectively resolved by the board of directors as follows:

	Quarter 4, 2021	Quarter 2 of 2021
Resolution date of the board of directors	March 24, 2022	August 10, 2021
Legal reserve	$ 12,929	$ 23,321
Special reserve	($ 62,397)	$ 74,430
Cash dividends	$ 182,115	$ 81,124
Cash dividend per share (NT $)	1.20	0.54

The proposal of earning distribution for the year 2021 will be resolved at the shareholders' meeting to be held on May 27, 2022.

(4) Other Equity

1. Exchange differences on translation of foreign financial statements:

	2021	2020
Beginning balance	($ 287,085)	($ 278,472)
Exchange differences arising on translating net assets of foreign operations	(86,277)	(8,874)
Disposal of partial equity in subsidiaries	117	261
Ending balance	($ 373,245)	($ 287,085)

Exchange differences arising on translating the net assets of foreign operations in the functional currency to those in the presentation currency used by the Company (i.e. NTD) are recognized directly as other comprehensive income (loss) and accumulated in exchange differences on translation of foreign financial statements. The previously accumulated exchange differences on translation of foreign financial statements are

reclassified as profit or low upon disposal of the foreign operations.

2. Unrealized Gains (Losses) on Financial Assets at FVTOCI

	2021	2020
Beginning balance	($ 30,403)	($ 33,033)
Unrealized appraisal profit (loss) of equity instrument investment measured at fair value through other comprehensive profits and losses	2,749	(4,697)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(2,978)	6,329
Partial interests of subsidiaries	(8)	998
Ending balance	($ 30,640)	($ 30,403)

Investments in equity instruments at FVTOCI are measured at fair value. Changes in fair value are subsequently listed in other comprehensive income (loss) and accumulated in other equity. Upon disposal of investments, the accumulated gain (loss) is transferred directly to retaining earnings and will not be reclassified as profit (loss).

3. Unpaid employees award

The shareholders' meeting of the company decided to issue new shares with restricted employee rights on July 2, 2021. Please refer to note 26.

	Year 2021	Year 2020
Opening balance	$ -	$ -
Current issue	(88,913)	-
Changes in ownership interests of recognized subsidiaries	11,068	-
Basic payment expenses of recognized shares	4,972	-
Ending balance	($ 72,873)	$ -

(5) Treasury Shares

1. Information of changes in treasury shares is as follows:

Unit: Share

Year 2021				
Reasons for shareholding	Number of shares at the beginning of the period	Increase in current period	Decrease in current period	Number of shares at the end of the period
Transfer of shares to employees	9,095,000	-	-	9,095,000
Protect the company's credit and shareholders' rights and interests	-	1,181,000	-	1,181,000
	9,095,000	1,181,000	-	10,276,000

Reason of possessing shares	2020 Number of shares at the beginning of the year	Increase in the year	Decrease in the year	Number of shares at the end of the year
Shares transferred to employees	6,000,000	6,000,000	(2,905,000)	9,095,000
Shares of the parent company possessed by subsidiaries	2,750,000	-	(2,750,000)	-
	8,750,000	6,000,000	(5,655,000)	9,095,000

2. According to Article 28-2 of the Securities and Exchange Act, The number of shares bought back by a company shall not exceed 10% of the total number of issued and outstanding shares of the company. The total amount of the shares bought back shall not exceed the sum of retained earnings, premium on capital stock and realized capital reserve. The treasury shares held by the Company in accordance with Securities and Exchange Act shall not be pledged and shall not be attached with any right to distributed dividends or voting. The K Laser shares possessed by its subsidiaries are deemed as treasury shares, the rights attached to which are the same as those attached to general shares, except that treasury shares do not entitle their holders to participate in any seasoned equity offering conducted by K Laser or have the voting right.
3. 309,5000 shares transferred to employees were cancelled on February 14, 2022.

XXIII. Net Profit of Continuing Operations

Employee Benefit Expense and Depreciation and Amortization Expenses

	Year 2021 Operating costs	Operating expenses	Non-operating expenses and losses	Total
Short-term employee benefits	$ 41,834	$ 109,313	$ -	$ 151,147
Post-employment benefits	$ 2,109	$ 3,558	$ -	$ 5,667
Other employee benefits	$ 1,035	$ 1,037	$ -	$ 2,072
Depreciation expense				
Depreciation of property, plant and equipment	$ 13,155	$ 14,959	$ -	$ 28,114
Depreciation of right of use assets	1,601	3,351	1,547	6,499
Depreciation of investment real estate	-	-	1,279	1,279
	$ 14,756	$ 18,310	$ 2,826	$ 35,892
Amortization expense	$ -	$ 709	$ -	$ 709

	2020 Operating costs	Operating expenses	Non-operating expenses and losses	Total
Short-term employee benefits	$ 35,561	$ 88,656	$ -	$ 124,217
Post-employment benefits	$ 1,979	$ 3,362	$ -	$ 5,431
Other employee benefits	$ 597	$ 698	$ -	$ 1,295

(Continued)

(Continued)

	Year 2020			
	Operating costs	Operating expenses	Non-operating expenses and losses	Total
Depreciation expense				
Depreciation of property, plant and equipment	$ 13,661	$ 11,228	$ -	$ 24,889
Depreciation of right-of-use assets	1,486	3,562	1,715	6,763
Depreciation of investment property	-	-	1,461	1,461
	$ 15,147	$ 14,790	$ 3,176	$ 33,113
Amortization expense	$ -	$ 764	$ -	$ 764

The Company allocates employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate from 4% to 8% and at a rate no more than 2% respectively in accordance with the articles of incorporation. The staff remuneration and directors' remuneration assessed in 2021 and 2020 were resolved by the board of directors on March 24, 2022 and March 23, 2021 respectively as follows:

Estimated Percentage

	2021	2020
Employees' remuneration	6%	8%
Directors' remuneration	1.5%	2%

Amounts

	2021		2020	
	Cash	Stock	Cash	Stock
Employees' remuneration	$ 23,840	$ -	$ 13,370	$ -
Directors' remuneration	5,960	-	3,342	-

If any amount is changed after the date when the annual financial report is announced, then such change is treated as a change in accounting estimate and entered into the account for the following year after adjustment.

The board of directors of the company held on March 30, 2020 and passed a resolution that the remuneration of employees and directors will not be distributed due to losses in 2019.

There is no difference between the actual distribution amount of employee remuneration and director remuneration in 2020 and the amount recognized in the individual financial report in 2020.

For information on the remuneration of employees and directors decided by the board of directors of the company, please go to the "public information observatory" of the TWSE.

XXIV. Income Tax of Continuing Operations

(1) Income Tax Recognized in Profit or Loss

The income tax expense mainly comprises the items listed as follows:

	2021	2020
Deferred income tax		
Incurred for the current year	$ 2,400	$ 6,000
Income tax expense recognized in profit or loss	$ 2,400	$ 6,000

The accounting income and the income tax expense are reconciled as follows:

	2021	2020
Profit (loss) before tax of continuing operations	$ 366,125	$ 150,409
Income tax expense of net profit before tax calculated at legal tax rate	$ 73,000	$ 30,100
Investment interests recognized by equity method	(44,700)	(40,400)
Reduction of investee companies' capital to cover losses	-	(25,500)
Dividend income from foreign investments	22,400	52,100
Gains on disposals of domestic equity investments	-	(500)
Disposal of foreign equity investment	(23,900)	-
Deduction of losses not recognized in the previous period and used in the current period	(5,900)	-
Other	(8,600)	8,100
Withholding tax on foreign dividend income	(9,900)	(17,900)
Income tax expense recognized in profit (loss)	$ 2,400	$ 6,000

(2) Current Tax Assets

	December 31, 2021	December 31, 2020
Current tax assets		
Tax refund receivable	$ 208	$ 208

(3) Deferred Tax Assets

	December 31, 2021	December 31, 2020
Temporary difference	$ 9,400	$ 5,800
Loss carryforwards	-	6,000
Deferred tax assets	$ 9,400	$ 11,800

(4) Information relevant to the loss carryforwards not recognized as of December 31, 2021 is as follows:

	December 31, 2021
Loss carryforwards	
Due in 2022	$ 30,006
Due in 2023	4,634
Due in 2026	2,620
	$ 37,260

(5) Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by the Company as of 2019 (inclusive) have been assessed by the tax authority.

XXV. Earnings Per Share

The basic and diluted earnings per share of the company in 2021 and 2020 are calculated as follows:

	2021			2020		
	Amount (Numerator) After tax	Number of shares (Thousand Shares) (Denominator)	Earnings per share (NTD) After tax	Amount (Numerator) After tax	Number of shares (Thousand Shares) (Denominator)	Loss per share (NTD)) After tax
Basic earnings per share						
Current net profit attributed to shareholders of common shares	$ 363,725	150,243	$ 2.42	$ 144,409	150,947	$ 0.96
Impact of potential common shares with dilutive effect						
Convertible corporate bonds	2,692	18,825		-	-	
Employees' remuneration	-	1,086		-	686	
RSA	-	737		-	-	
Diluted earnings per share						
Current net profit attributed to shareholders of common shares	$ 366,417	170,891	$ 2.14	$ 144,409	151,633	$ 0.95

If the Company chooses to distribute employees' remuneration by stock or cash, then for calculation of diluted earnings per share, employees' remuneration is assumed to be distributed by stock and the weighted average number of common shares is included when potential common shares have dilutive effect. When calculating diluted earnings per share before the number of shares distributed as employees' remuneration is resolved at the shareholders' meeting in the next year, the Company shall continue to consider dilutive effect of the potential common shares.

XXVI. Share-based Payment Arrangement

RSA

On July 2, 2021, the shareholders' meeting of K Laser company decided to issue RSA, with a total amount of NT $ 50,000,000 and a total of 5,000,000 shares. After being reported and effective by the FSC on July 28, 2021, it will adopt one-time reporting and issuance.

(1) The rights of employees who have not met the acquired conditions after being allocated new shares are as follows:

1. Except for inheritance, the RSA shall not be sold, pledged, transferred, given to others, encumbered, or disposed of in other ways.
2. The rights to attend, propose, speak, put to vote and vote at the shareholders' meeting shall be the same as the ordinary shares issued by the company, and shall be implemented in accordance with the trust custody contract.
3. There is no right of surplus distribution (including but not limited to: stock dividend, dividend, statutory reserve and capital reserve distribution right) and stock option for cash capital increase.
4. If the cash is returned due to the cash reduction handled by the company, the capital reduction refund not obtained due to the allocation shall be delivered to the trust, and shall be delivered to the employees without interest together with the acquired shares when the acquired conditions and time limit are reached; However, if the acquired conditions are not met within the expiration period, the company will recover the cash.

(2) For the RSA issued by K Laser, the employees who are assigned to remain in office for 1 to 5 years from the giving date (i.e. August 10, 2021) and achieve the operating objectives set by the company can obtain 15%, 15%, 20%, 20% and 30% respectively.If the acquired conditions are not met during the period, the RSA in that year will not recover and continue to deliver it to the trust for custody. After reaching the operating objectives set by the company in the fifth year, it can still be acquired in full.

(3) The basic payment of equity settlement shares to employees is measured by the fair value of equity instruments on the day of giving.

(4) In case of failure to meet the acquired conditions, voluntary resignation, dismissal, dismissal or violation of the issuance rules, the company will recover the unacquired shares free of charge and cancel them.

As of December 31, 2021, the relevant information of RSA is as follows:

	December 31, 2021
	Number of shares (thousand)
Outstanding at the beginning of the period	-
Current grant	5,000
Outstanding at the end of the period	5,000

The remuneration cost recognized for the year 2021 was NT$4,972 thousand.

XXVII. Capital Risk Management

The Company manages capital risk to ensure that it has necessary financial resources and business plans to cover any working capital, capital expenditure, research and development, debt repayment and dividend payment required in the following 12 months.

XXVIII. Financial Instruments

(1) Information of Fair Value － Financial Instruments Not Measured at Fair Value

The management of the Company believes that the book amounts of the financial assets and financial liabilities not measured at fair value are still close to fair value.

(2) Information of Fair Value －Financial instruments measured at fair value on a recurring basis

1. Hierarchy of Fair Value

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	$ -	$ -	$ 3,134	$ 3,134
Financial assets measured at fair value through other comprehensive profit or loss				
Equity instrument investment				
- domestic unlisted (counter) ordinary shares	$ -	$ -	$ 28,733	$ 28,733
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ -	$ 855	$ 855

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 5,265	$ -	$ -	$ 5,265
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
－Domestic common shares not listed (OTC)	$ -	$ -	$ 34,984	$ 34,984

2. There was no transfer between level 1 and level 2 fair value measurements in 2021 and 2020.

3. For the financial assets with Level 3 changes in fair value, there was no adjustment except the changes in fair value recognized in other comprehensive income or loss.

4. Valuation technique and input value measured at level 3 fair value

Category of financial instrument	Valuation technique and input value
Domestic and foreign investments in non-listed(non-OTC) equity	Market approach: Make adjustments based on the price-to-earning ratio and market price/net worth of the investee company at fair value of a observable, comparable company at the end of the year.
Derivative instruments	Binary tree convertible bond evaluation model: to measure the duration of corporate bonds, the stock price and fluctuation of the underlying stock of convertible bonds, conversion price, risk-free interest rate, risk discount rate and liquidity risk of convertible bonds.

(3) Type of Financial Instrument

	December 31, 2021	December 31, 2020
Financial assets		
At amortized cost		
Cash and cash equivalents	$ 272,616	$ 360,226
Notes receivable and trade receivables (including those from related parties)	283,588	150,992
Other receivables (including related parties)	3,267	9,991
Refundable deposits	14,409	15,530
Restricted assets	296,211	133,445
Financial assets at fair value through profit or loss-current	3,134	5,265
Financial assets at fair value through other comprehensive income－non-current	28,733	34,984
Financial liabilities		
At amortized cost		
Short-term borrowings	450,000	430,000
Short-term notes and bills payable	159,948	299,917
Notes payable and trade payables (including those to related parties)	239,326	111,457
Other payable (including related parties)	92,636	83,268
Long-term borrowings (including current portion thereof)	794,000	1,350,000
Corporate bonds payable	552,053	-
Guarantee deposits received (listed as non-current liabilities-Others)	942	942
Financial liabilities at fair value through profit or loss - non-current	855	-

(4) Purpose and Policy of Financial Risk Management

The company's main financial instruments include equity and debt investments, accounts receivable, accounts payable, other receivables, other payables, loans and corporate bonds payable. Financial management departments of the Company provide service for each business, master and coordinate operations in domestic and international financial markets, and supervise and manage the financial risks relevant to business operation based on the level and extent of each risk and the internal risk report that analyzes risk exposure. Such risks include market risk, credit risk and liquidity risk.

1. Market Risk

Main market risks assumed by the Company for its operating activities are exchange rate risk and interest rate risk.

The Company does not change the methods that it has adopted to manage and measure risk exposure with respect to market risk for financial instruments.

(1) Currency Risk

The Company manages the exchange risk generated from its foreign currency transactions by using forward exchange agreements to manage the risk within the scope permitted by the Procedure of Treating Transactions of Derivatives.

Refer to Note 31 for book amounts of monetary assets and monetary liabilities of the Company in non-functional currencies on the balance sheet date.

The sensitivity analysis conducted by the Company only includes outstanding foreign currency monetary items, and the amounts in foreign currencies are converted at the exchange rate plus 1% of appreciation against the NTD at the end of the year to adjust the increase in the profit before tax. In case of 1% of depreciation, the impact on the profit before tax will be a negative value of the same amount.

	Effect of USD	
	2021	2020
Effect on profit and loss	$ 2,930	$ 5,399

(2) Interest Rate Risk

Interest rate risk of the Company mainly comes from floating-rate time deposits and loans.

The book amounts of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2021	December 31, 2020
With cash flow interest rate risk		
Financial assets	$ 117,934	$ -
Financial liabilities	794,000	1,350,000

The sensitivity analysis for interest rate risk is based on changes in fair value of floating-rate financial assets and liabilities at the end of the financial reporting period. If the interest rate rises by a percentage point, then the cash outflow of the Company would increase by NT$6,761 thousand and by NT$13,500 thousand respectively for the years ended December 31, 2021 and 2020.

2. Credit Risk

Credit risk refers to the risk incurred when the counterparty to the transaction delays contractual obligations and thus causes financial loss of the Company.

The Company requires the counterparty to an important transaction to provide a collateral or any other guarantee, so the Company is able to reduce credit risk effectively. The management of the Company has designated a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, the Company reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of the Company believes that the Company's credit risk has significantly reduced.

3. Liquidity Risk

The working capital of the Company is sufficient, so there is no liquidity risk from its being unable to raise funds to perform contractual obligations.

(1) The non-derivative financial liabilities to be repaid by the Company as Attachment are due and repayable as follows:

	December 31, 2021			
	Less than 1 year	2 ~ 3 years	More than 3 years	Total
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 331,962	$ -	$ -	$ 331,962
Lease liabilities	7,009	12,722	60,316	80,047
Floating rate liabilities	-	794,000	-	794,000
Fixed rate liabilities	609,948	-	552,053	1,162,001
	$ 948,919	$ 806,722	$ 612,369	$2,368,010

	December 31, 2020			
	Less than 1 year	2～3 years	Over 3 years	Total
Non-derivative financial liabilities				
Liabilities without interest	$ 194,725	$ -	$ -	$ 194,725
Lease liabilities	7,031	11,437	64,954	83,422
Floating rate liabilities	100,000	1,250,000	-	1,350,000
Fixed rate liabilities	729,917	-	-	729,917
	$1,031,673	$1,261,437	$ 64,954	$2,358,064

(2) Financing limit

	December 31, 2021	December 31, 2020
Unsecured bank loan commitment		
-Used in the credit line	$ 954,000	$ 1,280,000
-Unused in the credit line	1,211,360	585,960
	$ 2,165,360	$ 1,565,960
Secured bank loan commitment		
-Used in the credit line	$ 450,000	$ 800,000
- Unused in the credit line	610,000	-
	$ 1,060,000	$ 800,000
Amount of secured corporate bonds		
- amount used	$ 600,000	$ -
- unspent amount	20,000	-
	$ 620,000	$ -

XXIV. Transactions with Related Parties

Transactions between the Company and other related parties are as follows:

(1) Name of each Related Party and Relationship with the Related Party

Name of related party	Relationship with the Company
Optivision Technology Inc. (“Optivision Technology”)	A subsidiary
Everest Display Inc. (“Everest Display”)	Subsidiary (merged with the Company on June 30, 2020)
K Laser Technology (Korea) Co., Ltd. (“K Laser Korea”)	A subsidiary
K Laser Technology (Thailand) Co., Ltd. (“K Laser Thailand”)	A subsidiary

(Continued)

(Continued)

Name of related party	Relationship with the company
K Laser Technology (USA) Co., Ltd. ("K Laser USA")	A subsidiary
Amagic Technologies U.S.A. (Dubai) ("Amagic Dubai")	A subsidiary
K Laser Technology Japan Co., Ltd. ("K Laser Japan")	A subsidiary
K Laser Technology (Hong Kong) Co., Ltd. ("K Laser Hong Kong")	A subsidiary
Holomagic Co., Ltd. ("Holomagic")	A subsidiary
Treasure Access Limited ("Treasure")	A subsidiary
Top Band Investment Limited ("Top Band")	A subsidiary
K Laser Technology (Wuxi) Co., Ltd. ("K Laser (Wuxi)")	A subsidiary
Herui Laser Technology Co., Ltd. ("Herui Laser")	A subsidiary
K Laser Technology (Dongguan) Co., Ltd. ("K Laser (Dongguan)")	A subsidiary
Amagic Holographics India Private Limited ("Amagic India")	A subsidiary
Insight Medical Solutions Inc. ("IMS")	A subsidiary
Xinguang Laser Co., Ltd. ("Xinguang Laser")	It had been an associate evaluated by using the equity method, and became a subsidiary in December 2011.
Guangfeng Optoelectronics (Wuxi) Co., Ltd. ("Guangfeng Optoelectronics (Wuxi)")	An associate evaluated by using the equity method

(2) Operating Transactions

	2021	2020
Sale		
Subsidiaries		
K Laser USA	$ 494,303	$ 363,030
K Laser Japan	105,956	65,186
Others	26,704	36,992
	$ 626,963	$ 465,208
Purchase		
Subsidiaries		
K Laser (Dongguan)	$ 393,771	$ 323,921
K Laser (Wuxi)	46,111	21,898
Treasure	71,798	13,038
Top Band	-	9,947
Others	1,538	7,982

(Continued)

	2021	2020
Affiliated Enterprises		
Guangfeng Optoelectronics (Wuxi)	$ 11,379	$ -
	$ 524,597	$ 376,786
Operating expenses		
Subsidiaries	$ 2,109	$ 12,900
Other income		
Subsidiaries		
Optivision Technology	$ 13,222	$ 13,579
IMS	5,853	5,270
Everest Display	-	2,186
K Laser (Dongguan)	44,636	21,288
K Laser (Wuxi)	6,678	1,416
Others	92	19
	$ 70,481	$ 43,758

There is no material difference between the transaction terms provided for the related parties listed above and those provided for general customers.

(3) The outstanding balance as of the balance sheet date is as follows:

	December 31, 2021	December 31, 2020
Trade receivables from related parties		
Subsidiaries		
K Laser USA	$ 163,269	$ 80,078
K Laser Japan	31,614	23,342
Others	6,836	4,798
	$ 201,719	$ 108,218
Trade payables to related parties		
Subsidiaries		
K Laser (Dongguan)	$ 134,914	$ 55,467
Treasure	31,154	10,971
K Laser (Wuxi)	20,608	7,237
Others	3,303	1,618
	$ 189,979	$ 75,293

(Continued)

(Continued)

	December 31, 2021	December 31, 2020
Other receivables		
Subsidiaries		
Optivision Technology	$ 1,985	$ 2,006
K Laser (Wuxi)	-	1,437
IMS	1,002	1,008
Amagic India	-	618
Others	126	132
	$ 3,113	$ 5,201
Other payables		
Subsidiaries	$ 159	$ 343

(4) Real estate, plant and equipment acquired

	Loan obtained	
Related party category / name	2021	2020
Subsidiaries	$ -	$ 178

(V) Endorsement and Guarantee

As at December 31, 2021 and 2020, the balance of borrowings owed by Mr. Guo Weiwu, Chairman of the Board of directors of the Company as guarantor was NT $ 1,244,000 and NT $ 1,780,000 respectively(see note XVIII).

(6) Rewards and remuneration for major management levels

	Year 2021	Year 2020
Short-term employee benefits	$ 26,341	$ 19,370
Post-employment benefits	$ 718	$ 6,450

The remunerations to directors and main managements are determined by the remuneration committee based on individual performance and market trends.

XXX. Pledged assets

The following assets of the Company were provided as guarantees for loans under loan contracts or land leases and for the need of business operation.

	December 31, 2021	December 31, 2020
Bank deposits (Note 6)	$ 296,211	$ 133,445
Property, plant and equipment (Note 13)	97,342	103,787
Investment property (Note 13)	36,590	37,869
	$ 430,143	$ 275,101

XXXI. Exchange rate information of foreign currency financial assets and liabilities

Information of the foreign currency financial assets and liabilities that have a material impact on the Company is as follows:

Unit: Per thousand in foreign currency / NT dollars

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary item						
USD	$ 18,561	27.68	$ 513,768	$ 22,200	28.48	$ 632,248
CNY	886	4.344	3,849	394	4.377	13,807
Long-term equity investments accounted for using the equity method						
USD	27,412	27.68	758,764	24,358	28.48	693,707
CNY	488,392	4.344	2,121,575	473,314	4.377	2,071,695
Financial liabilities						
Monetary item						
USD	7,976	27.68	220,776	3,242	28.48	92,326

XXXII. Information of Segments

As the Company has disclosed information of segments in the consolidated financial report, such information is not disclosed separately in the financial report.

XXXIII. Disclosure of notes

(1) Material Transactions and Reinvestment-related Information:

No.	Item	Explanation
1	Funds lent to others	Attachment 1
2	Enforcement and guarantee for others	None
3	Negotiable securities held at the end of the year (not including investments in subsidiaries, associates and joint ventures)	Attachment 2

(to be continued)

(continued)

No.	Item	Explanation
4.	Accumulated purchases or sales of negotiable securities up to NT$300 million or 20% of the paid-in capital	None
5	Acquisition cost of real estate up to NT$300 million or 20% of the paid-in capital	None
6	Proceeds up to NT$300 million or 20% of the paid-in capital from disposal of real estate	None
7	Purchases from or sales to related parties up to NT$300 million or 20% of the paid-in capital	Attachment 3
8	Receivables from related parties up to NT$100 million or 20% of the paid-in capital	Attachment IV
9	Transactions of derivatives	None
10	Information of reinvestee companies	Attachment V

(二) Information of investments in Mainland China:

No.	Item	Explanation
1	Name of investee company in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, current profit or loss, recognized investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China	Attachment VI
2	Following material transactions with investee companies in Mainland China directly or through a third region, and price, payment terms and unrealized gain (loss) with respect to the transactions: (1) Amount and percentage of purchase, and ending balance and percentage of relevant payables (2) Amount and percentage of sale, and ending balance and percentage of relevant receivables	Attachment VI
	(3) Amount of property transaction, and profit (loss) generated (4) Ending balance of endorsement or collateral provided for notes, and purposes (5) Maximum balance of financing, ending balance, range of interest rates and total interest for the current year (6) Other transactions that have material influence on the profit (loss) for the current year or financial status, such as provision or receipt of service	

(3) Information of Main Shareholders:

Name of Shareholder Holding Over 5% of Equity, Number of Shares Held and Ratio of Shareholding (Attachment 7)

K Laser Technology Inc.

Funds of the Company and Reinvestee Companies to Other Entities

From January 1 to December 31, 2021

Attachment 1

Unit: In Thousands of New Taiwan Dollars／Thousands in Foreign Currency

No. (Note 1)	Company lending funds	Company receiving the loan	Account	Is it a related party?	Maximum balance of the year	Ending balance	Drawdown	Interest rate range	Nature of lending (Note 2)	Amount of business	Reason of short-term financing	Allocated amount of allowance for bad debts	Security		Limit of funds lent to an individual entity (Note 3)	Total limit of lending (Note 3)	Remark
													Name	Value			
1	K Laser Technology (Dongguan) Co., Ltd.	Hunan Hexin Packaging Materials Co., Ltd.	Other receivables	Yes	$ 35,072 (RMB 8,000)	$ 26,064 (RMB 6,000)	$ 20,634 (RMB 4,750)	3.85%	2	$ -	Capital turnover	$ -	No	No	$ 457,514 (RMB105,321)	$ 457,514 (RMB105,321)	

Note 1: Information of funds loaned by the Company and its subsidiaries to other entities shall be provided separately in two forms and indicated in the “No.” section. Numbers shall be given as follows:

(1) For the Company, please indicate “0.”

(2) For subsidiaries, number in numerical order from 1 by the type of company.

Note 2: Information of funds loaned by the Company and its subsidiaries to other entities shall be provided separately in two forms and indicated in the “No.” section. Numbers shall be given as follows:

(1) In case of business with the entity, please indicate “1.”

(2) In case of necessary short-term financing, indicate “2.”

Note 3： Limits and types of the funds loaned by the Company and its subsidiaries to other entities are as follows:

(1) As provided in the Company’s procedure of loaning funds to other entities, the total limit of funds loaned to other entities shall not exceed 25% of the current net worth of the Company, and the limit of funds loaned to a single entity shall not exceed 10% of the current net worth.

(2) As provided in the Company’s procedure for a subsidiary to loan funds to other entities and provide endorsement and guarantee, the total amount loaned by a Group company (subsidiary) shall not exceed 40% of the net worth of the Group company (subsidiary), and the total amount loaned to other entities based on necessary short-term financing shall not exceed 40% of the net worth of the Group company (subsidiary).

K Laser Technology Inc.

Endorsement and Guarantee for Other Entities

From January 1 to December 31, 2021

Attachment 2

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

Holding company	Type and name of marketable securities	Relation with the issuer of marketable securities	Items on books	End of the year				Remark
				Number of shares	Book amount	Ratio of shareholding	Fair value	
K Laser Technology Inc.	Stocks							
	Minton Optic Industry Co., Ltd.	None	Financial assets at fair value through profit or loss－Non-current	857,900	$ -	1	$ -	
	CM Visual Technology Corp.	None	Financial assets at fair value through profit or loss－Non-current	138,240	-	-	-	
	China Development Biotechnology Co., Ltd.	None	Financial assets at fair value through profit or loss－Non-current	2,100,000	26,726	2	26,726	
	Mega Plastic Industry Co., Ltd.	None	Financial assets at fair value through profit or loss－Non-current	150,000	2,007	15	2,007	
	Boxlight Corporation	None	Current assets held for sale	1,662,940	27,960	3	63,522	
Guang Feng International Ltd.	Boxlight Corporation	None	Current assets held for sale	272,957	1,905	-	10,427	
Insight Medical Solutions Inc.	Aether Precision Technology Inc.	None	Financial assets at fair value through profit or loss－Non-current	240,000	1,249	10	1,249	
Bright Triumph Limited	Dongguan Guangzhi Photoelectric Co., Ltd.	None	Financial assets at fair value through profit or loss－Non-current	5,385,628	66,063	9	66,063	

Note 1: For information of investments in subsidiaries and associates, please refer to Attachment 5 and Attachment 6.

K Laser Technology Inc.

Purchase from or Sale to Related Parties Amounting to Over NT$100 Million or 20% of Paid-in Capital

From January 1 to December 31, 2021

Attachment 3

Unit: NT $1000

Selling (purchasing) company	Counterparty	Relation	Transaction				Transaction terms different from those for general transactions, and reasons		Notes receivable (payable) and trade receivables		Remark
			Sale (purchase)	Amount	Ratio to total sale (purchase) %	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable (payable) and trade receivables%	
Optivision Technology Inc.	Dongguan Guangzhi photoelectric Co., Ltd	One of other related parties	Sale	$ 825,154	51	90 days after monthly settlement; cash to be received	N/A	N/A	$ 182,959	30	
〃	Ningpo Optivision Technology Co., Ltd.	A subsidiary	Sale	281,393	17	120 days after monthly settlement; cash to be received	N/A	N/A	146,153	24	
K Laser Technology Inc.	K Laser Technology (Dongguan) Co., Ltd.	A sub-subsidiary of which 100% of shares are held by the Company	Purchase	(393,771)	39	90 days after monthly settlement; cash to be received	N/A	N/A	(134,914)	56	
〃	K Laser Technology (USA) Co., Ltd.	A sub-subsidiary of which 75.75% of shares are held by the Company	Sale	494,303	37	90 days after monthly settlement; cash to be received	N/A	N/A	163,269	50	
〃	K Laser Technology Japan Co., Ltd.	Subsidiary that the company indirectly holds 70% of the share	Sale	105,956	8	90 days after monthly settlement; cash to be received	N/A	N/A	31,614	10	
Wuxi K Laser Co., Ltd	Xinguang Laser Co., Ltd.	The original affiliated enterprise that has become a brother company since October 2021	Purchase	(RMB 46,064)	45	60 days after monthly settlement; cash to be received	N/A	N/A	(RMB 13,540)	48	
〃	K Laser Technology (H.K.) Co., Ltd.	A sister company	Sale	RMB 34,083	24	60 days after monthly settlement; cash to be received	N/A	N/A	RMB 6,410	16	

K Laser Technology Inc.

Receivables from Related Parties Amounting to Over NT$100 Million or 20% of Paid-in Capital

December 31, 2021

Attachment 4

Unit: NT $1000

Company recognizing the account as receivables	Counterparty to the transaction	Relation	Balance of receivables from related parties	Turnover	Receivables from related parties due and unpaid		Amount of receivables from related parties that are recovered after the year	Amount of allowance for bad debts allocated on books
					Amount	Treatment method		
Optivision Technology Inc.	Dongguan Guangzhi photoelectric Co., Ltd	One of other related parties	$ 182,959	1.93	$ -	-	$ 85,104	$ 6,250
〃	Ningpo Optivision Technology Co., Ltd.	A subsidiary	146,153	2.13	-	-	54,889	-
K Laser Technology Co., Ltd	K Laser Technology (USA) Co., Ltd.	Grandson company with 79.95% of its shares indirectly held by the company	163,269	4.05	-	-	40,921	-

K Laser Technology Inc.
Information of Reinvestee Companies, their Locations, etc.
From January 1 to December 31, 2021

Attachment 5

Unit: New Taiwan Dollar (thousand) / foreign currency (thousand)

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the year			Profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
				End of the year	End of last year	Number of shares	Ratio%	Book amount			
K Laser Technology Inc.	K Laser China Group Co., Ltd.	British Virgin Islands	Reinvestment in companies	$ 722,454	$ 722,454	21,289,005	100	$ 2,121,577	$ 208,450	$ 169,972	
〃	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment in companies	726,200	703,856	21,161,462	100	743,919	99,315	99,315	
〃	Optivision Technology Inc.	Hsinchu City	Production and sale of optical instruments and electronic parts and components	499,497	514,219	23,614,835	42	574,422	(32,168)	(12,692)	(note1)
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	97,372	97,372	157,545	49	14,851	(6,190)	(3,033)	
〃	Vicome Corp.	Yunlin County	Manufacturing, processing, purchase and sale of fluorescent pigments and dyes	35,494	35,494	3,021,420	30	137,945	66,897	20,209	
〃	Insight Medical Solutions Inc.	Hsinchu City	R & D and sales of gastrointestinal endoscopy and other businesses	269,813	269,813	8,995,264	45	142,474	(76,734)	(81,270)	
	Guang Feng International Ltd.	Samoa	Reinvestment company	162,463	217,125	4,845,810	100	16,289	30,506	30,506	
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	American Society for Testing Material	Holography product sales	USD 6,500	USD 6,500	6,500,000	80	USD 8,611	USD 3,193	USD 2,547	
〃	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of holography products	USD 1,839	USD 1,801	9,337,984	83	USD 8,085	USD 366	USD 303	
〃	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacture and sales of holography products	USD 2,946	USD 2,946	677,040	100	USD 1,886	USD 165	USD 165	
〃	K Laser IMEA Co., Ltd.	Mauritius	Reinvestment company	-	USD 2,600	-	-	-	(USD 12)	(USD 12)	(note2)
〃	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	Sales and agency of holography products	USD 2,297	USD 1,094	-	100	USD 3,507	USD 169	USD 169	
〃	K Laser Technology Japan Co., Ltd.	Japan	Manufacture and sales of holography products	USD 830	USD 830	1,344	70	USD 3,063	USD 618	USD 432	
〃	CIO Tech Ltd.	Cayman Islands	Reinvestment company	USD 750	USD 750	11,000,000	22	USD 541	(USD 300)	(USD 66)	
〃	Amagic Holographics India Private Limited	India	Manufacture and sales of holography products	USD 2,508	USD -	10,915,594	100	USD 420	(USD 33)	(USD 45)	(note 3)
K Laser Technology (Thailand) Co., Ltd.	K Laser Technology (Indonesia) Co., Ltd.	Indonesia	Manufacture and sales of holography products	THB 21,168	THB 21,168	266,000	70	THB 23,332	THB -	THB -	
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Cayman Islands	Reinvestment company	RMB 180,503	RMB 180,503	89,096,401	94	RMB 515,622	RMB 49,005	RMB 48,001	
〃	Holoprint Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 1	RMB 1	1	100	RMB -	RMB -	RMB -	
K Laser China Group Holding Co., Limited	K Laser Technology (H.K.) Co., Ltd	Hong Kong	Sales and agency of holography products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 4,659	RMB 787	RMB 787	
〃	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 112,440	RMB 72,440	30,000	100	RMB 280,233	RMB 13,019	RMB 12,989	
〃	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment company	RMB 130,106	RMB 130,106	50,000	100	RMB 261,044	RMB 34,879	RMB 34,930	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	RMB 20,825	RMB 20,825	163,975	51	RMB 3,558	(RMB 1,426)	(RMB 727)	
Holomagic Co., Ltd.	Treasure Access Limited	Hong Kong	Reinvestment in companies	RMB 69,243	RMB 29,243	10,000	100	RMB 277,889	RMB 13,058	RMB 13,058	
Top Band Investment Ltd.	Union Bloom Co., Ltd.	Hong Kong	Reinvestment in companies	RMB 113,329	RMB 113,329	10,000	100	RMB 257,018	RMB 34,913	RMB 34,913	
K Laser IMEA Co., Ltd.	Amagic Holographics India Private Limited	India	Manufacture and sales of holography products	-	USD 2,508	-	-	USD -	USD 12	USD 12	(note 3)

(to be continued)

(continued)

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the year			Profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
				End of the year	End of last year	Number of shares	Ratio%	Book amount			
iWin Technology Co., Ltd.	Finity Laboratories	USA	Research and development of holography	USD 700	USD 700	700,000	100	USD 951	(USD 219)	(USD 219)	
Optivision Technology Inc.	Bright Triumph Limited	Mauritius	Reinvestment in companies	242,173	242,173	7,913,767	100	149,461	3,645	3,645	
Insight Medical Solutions Inc.	Insight Medical Solutions Holdings Inc.	Cayman Island	Reinvestment in companies	USD 2,500	USD 2,500	2,500,000	100	63,029	(6,620)	(6,620)	

Note 1: 10,000,000 ordinary shares of Optivision Technology have been pledged as collateral for the issuance of convertible corporate bonds by K Laser company.

Note 2: K Laser IMEA Co., Ltd. entered the liquidation procedure in May 2021.

Note 3: for the adjustment of the group's investment structure, it is transferred from K Laser IMEA Co., Ltd. to K Laser International Co., Ltd.

K Laser Technology Inc.

Information of Investment in Mainland China

From January 1 to December 31, 2021

Attachment 6

Unit: foreign currency (thousand dollars) / New Taiwan dollar (thousand NT $)

1. Name of investee company, main business activities, paid-in capital, investment method, capital remittance, shareholdings, profit or loss of the year, investment gain (loss) recognized, ending book value of investment, investment gain remitted back, and limit of investment in Mainland China:

Name of invested company in Mainland China	Min business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan as of the beginning of the year	Investment amount remitted or recovered in the year		Accumulated investment amount remitted from Taiwan as of the end of the year	Ratio of shares held by the Company through direct or indirect investment %	Investee company's profit (loss) of the year	Investment gain (loss) recognized for the year	Ending book value of investment	Investment gain remitted back to Taiwan as of the end of the year
					Remitted	Recovered						
K Laser Technology (Wuxi) Co., Ltd.	Research, development, production of laser holographic products, electro-optics apparatus and optoelectronic materials	$ 548,817 (RMB 126,339)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	$ 185,179 (USD 6,690)	$ - -	$ - -	$ 185,179 (USD 6,690)	100	$ 21,520 (RMB 4,954)	$ 21,520 (RMB 4,954)	$ 665,992 (RMB 153,313)	$ 211,957 (RMB 48,793)
K Laser Technology (Dongguan) Co., Ltd.	Production and sale of other polyethylene and rigid polyvinyl chloride films and foils	719,458 (RMB 165,621)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	56,993 (USD 2,059)	-	-	56,993 (USD 2,059)	100	165,572 (RMB 38,115)	165,572 (RMB 38,115)	1,143,788 (RMB 263,303)	708,676 (RMB 163,139)
Dongguan Zhimmei Laser Printing Co., Ltd. (Note 5)	Production and sale of printed paper packaging boxes and laser printed paper	110,068 (RMB 25,338)	Investment in the company in Mainland China through remittance from a third region	59,512 (USD 2,150)	-	-	59,512 (USD 2,150)	-	-	-	-	-
Herui Laser Technology Co., Ltd.	Research, development and production of laser paper, anodized aluminum and other newenvironmentally-friendly packaging materials and anti-counterfeit products	225,019 51,800) (note 1)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	-	-	-	-	49	14,118 (RMB 3,250)	6,916 (RMB 1,592)	170,411 (RMB 39,229)	16,520 (RMB 3,803)
Foshan Donglin packaging material Co., Ltd	Production of tobacco series packaging materials and extension products	115,060 (RMB 26,487) (note 3)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	-	-	-	-	25	(37,358) (RMB - 8,600)	(9,340) (RMB - 2,150)	22,513 (RMB 5,183)	-
Hunan Hexin packaging material Co., Ltd	Mainly engaged in the production, processing and sales of films and cigarette bags, and the segmentation of cigarette paper	80,798 (RMB 18,600) (note 4)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	-	-	-	-	49	18,136 (RMB 4,175)	7,155 (RMB 1,647)	223,981 (RMB 51,561)	-
JXinguang Laser Co., Ltd.	Production of special film coating, decorative film and environmental protection transfer paper	347,520 (RMB 80,000) (note2)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	-	-	-	-	65	34,769 (RMB 8,004)	3,675 (RMB 846)	359,840 (RMB 82,836)	37,645 (RMB 8,666)
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	Research, development and production of large LCDs, and optical engines and projection tubes for LCDs	188,221 (RMB 43,329)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	97,351 (USD 3,517)	3,848 (USD 139)	-	101,198 (USD 3,656)	45	- USD -	- USD -	41,993 (USD 1,517)	-
Insight Medical Solutions(Wuxi) Inc.	Research, development and sale of endoscopes used in gastrointestinal tracts	69,200 (USD 2,500)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	69,200 (USD 2,500)	-	-	69,200 (USD 2,500)	100	(4,589)	(4,589)	63,054	-
Ningbo Optivision Technology Co., Ltd	Manufacturing, processing and production of brightening film, prism, diffusion film and optical film	145,905 (RMB 33,607)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	145,541 (USD 5,258)	-	-	145,541 (USD 5,258)	100	6,245 (USD 222)	6,245 (USD 222)	79,580 (USD 2,875)	-
Dongguan Guangzhi photoelectric Co., Ltd	R & D and manufacturing of precision components	271,344 (RMB 62,500)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	62,003 (USD 2,240)	-	-	62,003 (USD 2,240)	9	-	-	66,063 (USD 2,387)	-

2. Limit of Investments in Mainland China

Company name	Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	Limit of investment provided by Investment Commission, Ministry of Economic Affairs (note 7)
K Laser	$347,135 (USD 12,541)	$1,694,348 (USD 61,212)（note 6）	$1,608,792
Optivision Technology	$207,545 (USD 7,948)	$236,830 (USD 8,556)	$821,298
IMS	$69,200 (USD 2,500)	$69,200 (USD 2,500)	$80,000

Note 1: including the cash investment of USD 2,512,000 through the third region.

Note 2: including the cash investment of USD 3,705,000 through the third region.

Note 3: including 8,253,000 RMB of cash investment from enterprises in the third region.

Note 4: including 48,100,000 RMB of cash investment from enterprises in the third region.

Note 5: the investment equity has been disposed of, but the approved amount has not been cancelled at the investment examination committee.With the approval of the operation headquarters in accordance with the regulations, the investment amount is not limited to 60% of the net value or NT $80 million.

Note 6: amount of surplus transferred to investment is 11,748,000 USD.

Note 7: With the approval of the operation headquarters in accordance with the regulations, the investment amount is not limited to 60% of the net value or NT $80 million for K Laser.Other companies are limited to 60% of their net worth or NT $80 million, whichever is higher.

3. Major transactions with mainland investment companies directly or indirectly through third region enterprises:

Unit: In Thousands in Foreign Currency / Thousands of New Taiwan Dollars

Name of related party	Relation between the Company and the related party	Type of transaction	Amount	Transaction conditions			Notes receivable (payable) and trade receivables (payables)		Unrealized gain (loss)
				Price	Payment terms	Compared with general transactions	Balance	Percentage (%)	
K Laser Technology (Dongguan) Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Sale	$ 9,701 (USD 347)	Price negotiation	90 days after monthly settlement	Similar	$ 3,742 (USD 135)	1	($ 398)
K Laser Technology (Dongguan) Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Purchase	465,569 (USD 16,620)	Price negotiation	60 days after monthly settlement	Similar	166,068 (USD 6,000)	69	-
K Laser Technology (Wuxi) Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Sale	2,473 (USD 88)	Price negotiation	60 days after monthly settlement	Similar	91 (USD 3)	-	-
K Laser Technology (Wuxi) Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Purchase	46,111 (USD 1,647)	Price negotiation	60 days after monthly settlement	Similar	20,608 (USD 745)	9	-

4. Property transaction, and gain or loss on such transactions: None

5. Endorsement, guarantee or collateral provided directly or indirectly for investee companies in Mainland China through entities in a third region: Attachment 2

6. Funds directly or indirectly provided for investee companies in Mainland China through a third region: None

7. Other transactions that have a material impact on the current profit or loss or financial status: None

K Laser Technology Inc.

Information of Main Shareholders

December 31, 2021

Attachment 7

Name of key shareholder	Shares	
	Number of shares held	Ratio of shareholding
Kuo Wei-Wu	10,997,756	6.6%
K Laser Technology Inc.	10,156,000	6.1%

Note 1: Information of main shareholders contained in the form is the data calculated by Taiwan Depository & Clearing Corporation based on the common shares and preferred shares (including treasury shares) that have been recorded and delivered, without physical substance, by the Company and held by shareholders on the last business day at the end of the current season so as to indicate the shareholders holding over 5% of such shares. The capital stock recorded in the financial report of the Company may differ from the number of the aforementioned shares recorded and delivered without physical substance because different bases of preparation and calculation are used.

Note 2: If the above information contains any shareholder holding shares through a trust, then trust settlors will be disclosed in their respective accounts under the trust account opened by the trustee. As for a shareholder declaring equity based on the shares more than 10% possessed by the shareholder as an insider in accordance with the Securities and Exchange Act, the shares possessed by the shareholder should contain the shares possessed and the shares in trust and the shares that entitle the shareholder to exercise rights to determine how to use trust property. For information of equity declarations made by insiders, please visit the Market Observation Post System.

Note 3: another 120,000 shares were settled in January 2022.

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Detailed statement of operating income	Detailed statement XVI
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Detailed statement of management expenses	Detailed statement XIX
Detailed statement of research and development expenses	Detailed statement XX
Summary of employee welfare, depreciation and amortization expenses incurred in the current period	Detailed statement XXI

K Laser Technology Inc.

Detailed statement of cash and equivalent cash

December 31, 2021

Detailed statement I Unit: NT $1000; Foreign currency

Items	Abstract	Amount
Cash on hand and spent cash		$ 6,325
Bank deposit	Demand deposit - New Taiwan dollar	26,886
	Check deposit - New Taiwan dollars	194
	Demand deposit - foreign currency USD 7,767,852	215,014
	Demand deposit - foreign currency EUR 766,081	23,994
	Demand deposit - foreign currency RMB 45,450	197
	Demand deposit - foreign currency HKD1,395	5
	Demand deposit - foreign currency AUD71	1
		$ 272,616

Note: the exchange rate is as follows:

US $1 to NT $27.68

1 EURO to NT $31.32

1 RMB to NT $4.3440

HK $1 to NT $3.5490

1 AUD to NT $ 20.0800

K Laser Technology Inc.

Bill receivable Detailed statement

December 31, 2021

Detailed statement II Unit: NT $1000

Customer name	Abstract	Amount
NEOWAY	Goods payment	$ 3,936
Ho long Glitters	〃	1,273
Shirley Chemistry	〃	1,185
Gem-year	〃	458
Others (note)	〃	1,786
		$ 8,638

Note: if the balance of each account does not exceed 5% of the balance of this account, it shall be reported in a consolidated manner.

K Laser Technology Inc.

Detailed statement of accounts receivable

December 31, 2021

Detailed statement III

Unit: NT $1000

Customer name	Abstract	Amount
EIKI INDUSTRIAL	Goods payment	$ 35,411
EIKI INTERNATIONAL	〃	24,541
M&G ENT	〃	17,456
COMMBAX SDN BHD	〃	6,264
Others (note)	〃	29,379
Less: allowance for bad debts		(39,820)
		$ 73,231

Note: if the balance of each account does not exceed 5% of the balance of this account, it shall be reported in a consolidated manner.

K Laser Technology Inc.

Details of other receivables

December 31, 2021

Detailed statement IV

Unit: NT $1000

Items	Abstract	Amount
Other receivables	Stakeholders	$ 3,113
	Others (note)	154
		$ 3,267

Note: if the balance of each account does not exceed 5% of the amount of this account, it shall be reported in a consolidated manner.

K Laser Technology Inc.

Inventory detailed statement

December 31, 2021

Detailed statement V

Unit: NT $1000

Items	Cost	Market price
Raw materials	$ 57,597	$ 37,214
Work in process	2,472	2,472
Finished products	22,870	19,994
Commercial products	25,786	24,970
Less: allowance for inventory falling price and dead loss	(24,075)	-
	$ 84,650	$ 84,650

K Laser Technology Inc.

Details of other current assets

December 31, 2021

Detailed statement VI

Unit: NT $1000

Items	Abstract	Amount
Advance payment	Prepayment and insurance premium, etc.	$ 14,293
Restricted assets	Short-term bank borrowings and land lease guarantees	117,934
Tax allowance		1,127
		$ 133,354

K Laser Technology Inc.

Financial assets measured at fair value through other comprehensive profit or loss - detailed statement of non-current changes

Year 2021

Detailed statement VII

Unit: NT $ thousand / share

Items	Opening amount		Increase in current period		Decrease in current period		Ending balance			Provide guarantee or Pledge situation
	Number of shares	Fair value	Number of shares	Amount (Note 1)	Number of shares	Amount (Note 2)	Number of shares	Shareholding ratio	Fair value	
CMVT Co., Ltd	138,000	$ 459	240	($ 459)	-	$ -	138,240	-	$ -	None
China Development biomedical Venture Capital Co., Ltd	3,000,000	32,457	-	3,269	900,000	(9,000)	2,100,000	2	26,726	〃
Daguan Industrial Co., Ltd	150,000	2,068	-	(61)	-	-	150,000	15	2,007	〃
		$ 34,984		$ 2,749		($ 9,000)			$ 28,733	

Note 1: it refers to the evaluation amount of allowance adjusted according to fair value at the end of this year.

Note 2: it refers to the capital reduction to make up for losses and return of shares in this year.

K Laser Technology Inc.

Detailed statement of investment changes using equity method

Year 2021

Detailed statement VIII

Unit: NT $ thousand / share

Items	Opening amount		Increase in current period		Decrease in current period		Ending balance			Net worth / market price	Provide guarantee or pledge situation
	Number of shares	Amount	Number of shares	Amount (Note 1)	Number of shares	Amount (Note 2)	Number of shares	Shareholding ratio	Amount		
K Laser China Group Co., Ltd.	21,289,005	$2,065,995	-	$ 157,789	-	$ 102,207	21,289,005	100	$2,121,577	$2,239,877	無
K Laser International Co., Ltd.	20,361,462	671,315	800,000	72,604	-	-	21,161,462	100	743,919	750,140	〃
iWIN Technology Co., Ltd.	157,545	18,359	-	(3,508)	-	-	157,545	49	14,851	14,851	〃
Optivision Technology Inc.	24,311,835	664,562	-	(70,928)	697,000	19,212	23,614,835	42	574,422	817,073	Yes (Note 3)
Vicome Corp.	3,021,420	123,089	-	17,877	-	3,021	3,021,420	30	137,945	137,945	〃
Guang Feng International Ltd.	6,820,810	39,960	-	30,991	1,975,000	54,662	4,845,810	100	16,289	-	〃
Insight Medical Solutions Inc.	8,995,264	224,334	-	(81,860)	-	-	8,995,264	45	142,474	142,474	〃
		$3,807,614		$ 122,965		$ 179,102			$3,751,477	$4,102,360	

Note 1: it includes the increased investment cost in the current period, the investment interest recognized according to the equity method, the increase or decrease of exchange difference and the adjustment of net value change arising from the conversion of foreign currency financial statements.

Note 2: it includes current disposal, cash dividend and return of capital reduction.

Note 3: 10,000,000 ordinary shares of Optivision Technology have been pledged as collateral for the issuance of convertible corporate bonds by K Laser company.

K Laser Technology Inc.

Detailed statement of changes in use right assets

Year 2021

Detailed statement IX Unit: NT $1000

Items	Opening balance	Increase in current period	Decrease in current period	Ending balance
Cost				
Land	$ 77,364	$ -	$ -	$ 77,364
Building	4,246	-	-	4,246
Transportation equipment	5,136	3,655	4,469	4,322
	$ 86,746	$ 3,655	$ 4,469	$ 85,932
Accumulated depreciation				
Land	$ 8,144	$ 4,072	$ -	$ 12,216
Building	1,677	856	-	2,533
Transportation equipment	3,296	1,571	4,469	398
	$ 13,117	$ 6,499	$ 4,469	$ 15,147

K Laser Technology Inc.

Details of other non-current assets

December 31, 2021

Detailed statement X

Unit: unless otherwise indicated, it is NT $1000

Name	Abstract	Amount
Refundable deposit		$ 14,409
Restricted assets	Issuance of corporate bonds and land lease guarantee	178,277
Others		1,526
		$194,212

K Laser Technology Inc.

Detailed statement of short-term borrowings

December 31, 2021

Detailed statement XI

Unit: unless otherwise indicated ,it is NT $1000

Items	Abstract	Loan amount	Contract term	quota	Interest rate (%)	Pledge mortgage
Short-term borrowings						
King's Town Bank	Mortgage loan	$ 100,000	2021.11.12~2022.02.18	$ 150,000	0.34	Bank pledged deposits
Esun Bank	Credit loan	50,000	2021.12.24~2022.03.24	50,000	0.90	None
Bank One	〃	50,000	2021.12.17~2022.01.14	130,000	1.00	〃
Taishin Bank	〃	50,000	2021.12.24~2021.01.24	100,000	1.00	〃
Agricultural Bank of Taiwan	〃	150,000	2021.10.08~2022.01.08	150,000	0.85	〃
Taiwan Business Bank	〃	50,000	2021.11.26~2022.05.26	50,000	1.00	〃
		$ 450,000		$ 630,000		

K Laser Technology Inc.

Detailed Statement of Trade Payables

December 31, 2021

Detailed statement XII

Unit: NT $1000

Company name	Abstract	Amount
Efun Tech	Goods payment	$ 27,963
Agriculrural service in Taiwan	〃	9,143
Others (note)	〃	12,241
		$ 49,347

Note: if the balance of each account does not exceed 5% of the balance of this account, it shall be reported in a consolidated manner.

K Laser Technology Inc.

Detailed statement of other current liabilities

December 31, 2021

Detailed statement XIII

Unit: NT $1000

Items	Amount
Advance payment	$ 3,493
Provisional collection	218
Withholding tax	267
	$ 3,978

K Laser Technology Inc.

Detailed statement of other non-current liabilities

December 31, 2021

Detailed statement XIV

Unit: NT $1000

Items	Abstract	Amount
Deposits received	Lease deposit	$ 942

K Laser Technology Inc.

Detailed statement of lease liabilities

December 31, 2021

Detailed statement XV

Unit: NT $1000

Name	Lease term	Discount rate%	Amount
land	107.10.16~126.12.31	1.4	$ 66,473
Building	108.01.01~112.12.31	1.5	1,751
Transportation equipment	107.06.01~113.11.30	1.5~1.83	3,930
			72,154
Less: Part listed as due within one year			(6,023)
			$ 66,131

K Laser Technology Inc.

Detailed statement of operating income

December 31, 2021

Detailed statement XVI

Unit: NT $1000, except as otherwise indicated herein

Name	Amount
Laser paper	$ 28,948
Anti-counterfeiting trademark	60,049
Holographic film	749,998
Optical instrument	469,568
Others	41,509
	$ 1,350,072

K Laser Technology Inc.

Detailed statement of operating costs

Year 2021

Detailed statement XVII

Unit: NT $1000

Items	Amount
Direct raw material	
Add: opening stock	$ 84,930
Current feed	445,396
Transferred in goods	128
Less: remanufacturing expenses and operating expenses	(6,710)
re-manufacturing products	(68)
re-manufacturing finished products	(21)
Sale of raw materials	(352,503)
Ending stock	(57,597)
Direct raw material consumption	113,555
Direct labor	20,884
Manufacturing expenses	87,516
Manufacturing cost	221,955
Add: opening WIP	3,276
Less: re-manufacturing expenses and operating expenses	(9,743)
Work in progress at the end of the period	(2,472)
Cost of finished products	213,016
Add: finished products at the beginning of the period	12,384
R & D transfer-in	3,351
Transfer in of raw materials	21
Less: re-manufacturing expenses and operating expenses	(1,458)
Finished products at the end of the period	(22,870)
Self-made cost of goods sold	204,444
Cost of goods sold	
Add: opening goods	16,564
Current purchase	562,036
Transfer in of raw materials	68
Other	266
Less: re-manufacturing expenses and operating expenses	(90)
re-manufacturing raw material	(128)
Ending goods	(25,787)
Cost of buying and selling goods	552,929
Sale of raw materials	352,503
Inventory decline returns profit	(9,680)
Total operating costs	$ 1,100,196

K Laser Technology Inc.

Detailed statement of marketing expenses

Year 2021

Detailed statement XVIII Unit: NT $1000

Items	Amount
Salary and bonus	$ 26,794
Freight	9,596
Commission expenses	5,803
Labor cost	4,459
Others (note)	11,002
	$ 57,654

Note: if the balance of each account does not exceed 5% of the amount of this account, it shall be reported in a consolidated manner.

K Laser Technology Inc.

Detailed statement of management expenses

Year 2021

Detailed statement XIX

Unit: NT $1000

Items	Amount
Salary and bonus	$ 52,602
Labor cost	18,325
Depreciation	5,391
Others (note)	13,309
	$ 89,627

Note: if the balance of each account does not exceed 5% of the amount of this account, it shall be reported in a consolidated manner.

K Laser Technology Inc.

Detailed statement of research and development expenses

Year 2021

Detailed statement XX Unit: NT $1000

Items	Amount
Salary and bonus	$ 25,171
Research and test fee	17,159
Depreciation	12,315
Repair cost	4,276
Others (note)	10,027
	$ 68,948

Note: if the balance of each account does not exceed 5% of the amount of this account, it shall be reported in a consolidated manner.

K Laser Technology Inc.

Detailed statement of employee welfare, depreciation and amortization expenses incurred in the current period

Year 2021 and 2020

Detailed statement XX

Unit: New Taiwan Dollar

	Year 2021				Year 2020			
	Operating costs	Operating expenses	Non-operating expenses and losses	Total	Operating costs	Operating expenses	Non-operating expenses and losses	Total
Short-term employee benefits								
Salary expenses	$ 37,[illegible]	$ 95,[illegible]	$	$ 133,[illegible]	$ 32,[illegible]	$ 79,[illegible]	$	$ 111,[illegible]
Labor health insurance expenses	$ 4,[illegible]	$ 6,[illegible]	$	$ 10,[illegible]	$ 3,[illegible]	$ 5,[illegible]	$	$ 8,[illegible]
Post-employment benefits	$ 2,[illegible]	$ 3,[illegible]	$	$ 5,[illegible]	$ 1,[illegible]	$ 3,[illegible]	$	$ 5,[illegible]
Director's remuneration	$	$ 6,[illegible]	$	$ 6,[illegible]	$	$ 4,[illegible]	$	$ 4,[illegible]
Other employee benefits	$ 1,[illegible]	$ 1,[illegible]	$	$ 2,[illegible]	$ [illegible]	$ [illegible]	$	$ 1,[illegible]
Depreciation expense								
Depreciation of property, plant and equipment	$ 13,[illegible]	$ 14,[illegible]	$	$ 28,[illegible]	$ 13,[illegible]	$ 11,[illegible]	$	$ 24,[illegible]
Depreciation of right of use assets	1,[illegible]	3,[illegible]	1,[illegible]	6,[illegible]	1,[illegible]	3,[illegible]	1,[illegible]	6,[illegible]
Depreciation of investment real estate			1,[illegible]	1,[illegible]			1,[illegible]	1,[illegible]
	$ 14,[illegible]	$ 18,[illegible]	$ 2,[illegible]	$ 35,[illegible]	$ 15,[illegible]	$ 14,[illegible]	$ 3,[illegible]	$ 33,[illegible]
Amortization expense	$	$ [illegible]	$	$ [illegible]	$	$ [illegible]	$	$ [illegible]

Note:

1. The number of employees in this year and the previous year is 154 and 139 respectively, of which the number of directors who are not concurrently employees is 6 and 5 respectively.
2. The average employee welfare cost in 2021 was NT $ 1,025,000, and the average employee welfare cost in 2020 was NT $ 945,000; The

average employee salary expense in 2021 was NT $ 903000, and the average employee salary expense in 2020 was NT $ 831000. The average employee salary expense increased by 8.7%.

3. Remuneration of employees, directors and supervisors

(1) The independent directors of the company receive fixed remuneration. In addition to the attendance fees for each board meeting, in accordance with Article 32 of the articles of association, if the company makes profits in the year, it shall allocate not more than 1.5% of the pre-tax profit before deducting the remuneration of employees and directors as the remuneration of directors.

According to Article 32 of the articles of association, if the company makes profits in the year, it shall allocate 4% ~ 8% of the pre-tax profit before deducting the remuneration of employees and directors as the remuneration of employees. The remuneration of managers includes salary and bonus, in which the salary refers to the level of peers and the items such as professional title, rank, academic experience, professional ability and responsibility. The bonus is considered in the performance evaluation of managers, It includes financial indicators (such as the company's revenue and the achievement rate of net profit before tax) and non-financial indicators (such as work performance, work quality, work attitude, leadership, communication and coordination, team cooperation, major deficiencies in compliance with laws and regulations and operational risk matters of the departments under its jurisdiction), which shall be approved by the chairman of the board according to the performance evaluation results according to the distribution principle recommended by the salary and remuneration committee.

The remuneration of the directors and managers of the company shall be decided by the board of directors and submitted to the report of the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the remuneration of employees and directors in accordance with the preceding paragraph. The employees' remuneration referred to in the preceding paragraph may include employees of subordinate companies who meet certain conditions.

(2) The basis for the valuation of the amount of remuneration of employees and directors, the basis for the calculation of the number of shares of employee remuneration distributed by shares, and the accounting treatment in case of any difference between the actual distribution amount and the valuation amount in the current period:

If there is any difference between the estimated remuneration and the actual remuneration paid by the company in the past years, it shall be treated as the basis for reference when the estimated remuneration and the actual remuneration paid by the company are listed in the articles of association.

(3) The company established an audit committee on November 5, 2013 and abolished the supervisor system, which is not applicable.

6. Financial Distress in Company and Subsidiaries：None

7. Analysis of Financial Status, Financial Performance and Risk Management

1. Analysis of financial status

Unit: NT $1000

Year / Project	2021	2020	Difference		Notes
			Amount of money	%	
Current Assets	5,519,536	5,494,650	24,886	0.45%	
Non-current assets	2,695,638	2,464,840	230,798	9.36%	
Total assets	8,215,174	7,959,490	255,684	3.21%	
Current liabilities	2,414,408	2,525,096	-110,688	4.38%	
Long-term liabilities	1,529,910	1,468,470	61,440	4.18%	
Total liabilities	3,944,318	3,993,566	-49,248	-1.23%	
Share capital	1,659,694	1,593,246	66,448	4.17%	
Capital surplus	709,559	585,347	124,212	21.22%	Description
Retained earnings	935,872	798,781	137,091	17.16%	Description
Total shareholders' equity	4,270,856	3,965,924	304,932	7.69%	

The analysis of the change in the proportion of increase and decrease shows:

Capital surplus increase: Due to the Company issued convertible bond in March 2021 and issued restricted stock award in August 2021 which generate capital surplus.

Retained earnings increase: Due to 2021 net income increase.

2. Analysis of financial performance

Unit: NT $1000

Year / Project	2021	2020	Difference		Notes
			Amount of money	%	
Net operating income	6,146,290	5,439,230	707,060	13.00%	
Operating costs	4,908,947	4,175,137	733,810	17.58%	
Gross operating profit	1,237,343	1,264,093	-26,750	-2.12%	
Operating expenses	1,020,905	1,035,371	-14,466	-1.40%	
Operating income	216,438	228,722	-12,284	-5.37%	
Non-operating income and expenses	192,632	3,379	189,253	5600.86%	Description
Net income from continuing operations before taxes	409,070	232,101	176,969	76.25%	Description
Income tax expense	-66,996	-40,962	-26,034	63.56%	Description
Cumulative effect of changes in accounting principles	0	0	0	0.00%	
Net profit after tax from continuing operations	342,074	191,139	150,935	78.97%	Description

The analysis of the change in the proportion of increase and decrease shows that:

In 2021 the Company sold reinvestment company's stocks which increase the non-operating income. As a result, an obvious increase occurs starting from the non-operating income and loss to the net profit after tax from continuing operations.

3、 Analysis of cash flow

（1） Review and analysis sheet of changes in cash flow

Unit: NT $1000

2021.01.01 Cash balance at the beginning of the period	Net cash flow from operating activities for the whole year	Net cash flow from investing and financing activities for the whole year	Impact of exchange rate changes	Cash balance (2021.12.31)	Remedial measures for cash deficiency	
					Investment plan	Financial management plan
2,629,811	284,974	(728,920)	(57,023)	2,629,811	—	—

Analysis of annual cash flow changes:

1. The cash inflow from operating activities is NT$284,974,000, mainly from operating income.
2. The cash outflow from investment activities is NT$227,952,000, mainly due to the normal purchase of assets.
3. The cash inflow from financing activities is NT$500,968,000, mainly caused by repaying brrowings, and distribute cash dividends.

（2） Remedial measures and liquidity analysis of expected cash shortage: not applicable.

（3） Analysis of cash flow in the next year

Unit: NT $1000

2022.01.01 Cash balance at the beginning of the period	Expected net cash flow from operating activities of the whole year	Expected net cash flows from investing and financing activities of the whole year	Estimated cash balance (shortfall) (2022.12.31)	Remedial measures for estimated cash deficiency	
				Investment plan	Financial management plan
2,128,842	499,694	(405,964)	2,222,572	—	—

The estimated cash inflows of 2022 are mainly from operating income; investment and financing outflows include investment in additional equipment and plant expansion, as well as cash dividends, which are sufficient to cover cash inflows from operating activities.

4、 Impact of major capital expenditure in recent year

（1） Review and analysis of major capital expenditure and its capital source

Unit: NT $1000

Planned Projects	Actual or expected source of funds	Actual or expected completion date	Total funds required	Actual or intended use of funds				
				2022	2021	2020	2019	2018
Wide format holographic seamless plate making equipment and production process	Equity funds	2022.12.31	62,494	1,043	27,975	592	1,700	11,388
Holographic seamless electroforming equipment and production process	Equity funds	2022.12.31	27,608	328	350	300	606	1,190
New wide-format holographic seamless plate making equipment and production process	Equity funds	2022.12.31	8,816	2,047	5,821	948	-	-

(2) Expected potential benefits

1. Wide format holography seamless plate making equipment and production process:

(1) Enhance the efficiency of wide-format pure plateless seam shooting.

(2) Provide wide-format seamless products to expand new markets.

(3) Wide-format seamless process to reduce cost and enhance competitiveness.

2. Holographic seamless electroforming equipment and production process:

(1) Enhance the production capacity of seam-free electroforming manufacturing.

(2) Provide diversified electroforming products without seams to expand the demand of new markets.

3. New wide-format holographic seamless plate making equipment and production process:

(1) Enhance the efficiency of wide-format holographic seamless shooting.

(2) No electroforming process, simplify the plate making process

5. Reinvestment policy in recent year, main reasons for profit or loss, improvement plans and investment plans for the coming year.

(1) Reinvestment policy: The Company's reinvestment is mainly in the field related to the Company's own business, with the development of upstream and downstream integration, hoping to expand the market base, reduce production costs, and improve the Company's operating performance. At present, the Company's reinvestment focus is still on China. In the downstream market development, the Company will continue to promote its products in the terminal packaging products by combining the advantages of its Chinese investors in the market; while in the upstream material side, the Company will cooperate with its reinvestment companies in the development of raw materials, cost reduction and quality improvement.

(2) Profit or loss from the recent year's reinvestment and improvement plan: In 2021, the Company recognized an operating profit of NT$25,137,000 from the reinvestment company, an decrease of NT$6,413,000 from the profit of NT$31,550,000 recognized last year, mainly due to reinvest China company Foshan Donglin loss, which is entering the liquidation process. The original reinvestment company Xinguang Laser Co., Ltd. was acquired and became a consolidated entity since October 2021.

(3) Estimated investment plan in 2022: In response to China economic still affecting by COVID-19, the Company's investment in China in the coming year will be based on maintaining the existing reinvestments and continuing to develop markets and products with existing joint venture partners to deepen the partnership with strategic partners; meanwhile, for the expansion in the Middle East, our company intends to increase the expansion of our subsidiary in Dubai. In addition, the market development opportunities shall be evaluated in Southeast Asia and our business bases at the appropriate time shall be expanded while planning the expansion of our subsidiary in Thailand. The above investment plans will be planned and implemented depending on the status of the COVID-19 epidemic this year.

6. Analysis and evaluation of risk matters

(1) The impact of interest rate, exchange rate changes and inflation on the Company's profit and loss and future countermeasures:

In 2021, the Company and its subsidiaries incurred interest expenses of NT$31,678,000 and exchange losses of NT$2,559,000. The Company regularly evaluates bank borrowing rates and obtains loans at lower interest rates through the Company's strengths. As for exchange rates, the Company collects information on international financial information and exchange rate changes at all times and implements them in accordance with clear foreign exchange operating strategies and strict control procedures.

(2) The Company's policies, main reasons for profit or loss and future countermeasures for engaging in high-risk, highly leveraged investments, funds loan to others, endorsement guarantees and derivative transactions are as follows:

1. The Company engages in high-risk, highly leveraged investments and derivative transactions. In order to manage financial risks, the Company does not engage in high-risk, highly leveraged financial investments. In order to control transaction risks, the Company has established internal management practices and operating procedures based on sound financial and operational principles in accordance with the relevant laws and regulations of the Securities and Futures Bureau, and all derivative transactions engaged in by the Company are handled in accordance with the Company's "Processing Procedures for Dealing with Derivative Financial Products".

2. The Company's endorsement and guarantee: None.

3. Loan of funds to others: The Company has in place a complete and thorough policy and internal control scheme governing lending. For the last fiscal year and year to date, the Company’s lending is in accordance with relevant provisions.

（3） Future R & D plan and expected R & D cost

Unit: NT $1000

Number of items	R & D plan	Input cost	Estimated time of mass production
1	Wide format holographic seamless plate making equipment and production process	1,043	December, 2022
2	Holographic seamless electroforming equipment and production process	328	December, 2022
3	New wide-format holographic seamless plate making equipment and production process	2,047	December, 2022

(4) The impact of important domestic and foreign policies and legal changes on the Company's financial operations and measures to address them: None.

(5)Impact of technological change and industrial change on the company's financial business and countermeasures: None.

(6) Impact of corporate image change on corporate crisis management and measures to address it: None.

(7) Expected benefits, possible risks and countermeasures for mergers and acquisitions: None.

(8) Expected benefits, possible risks, and countermeasures for plant expansion: None.

(9) Risks of concentration of purchase or sales of goods and countermeasures: The Company has no concerns about concentration risks with major suppliers and customers.

(10) The impact, risk and countermeasures of a substantial shift or change in the shareholding of directors, supervisors or major shareholders holding more than 10% of the shares of the Company: None.

(11) The impact, risk and countermeasures of the change of management power on the Company: None.

(12) Litigation or non-litigation events: None.

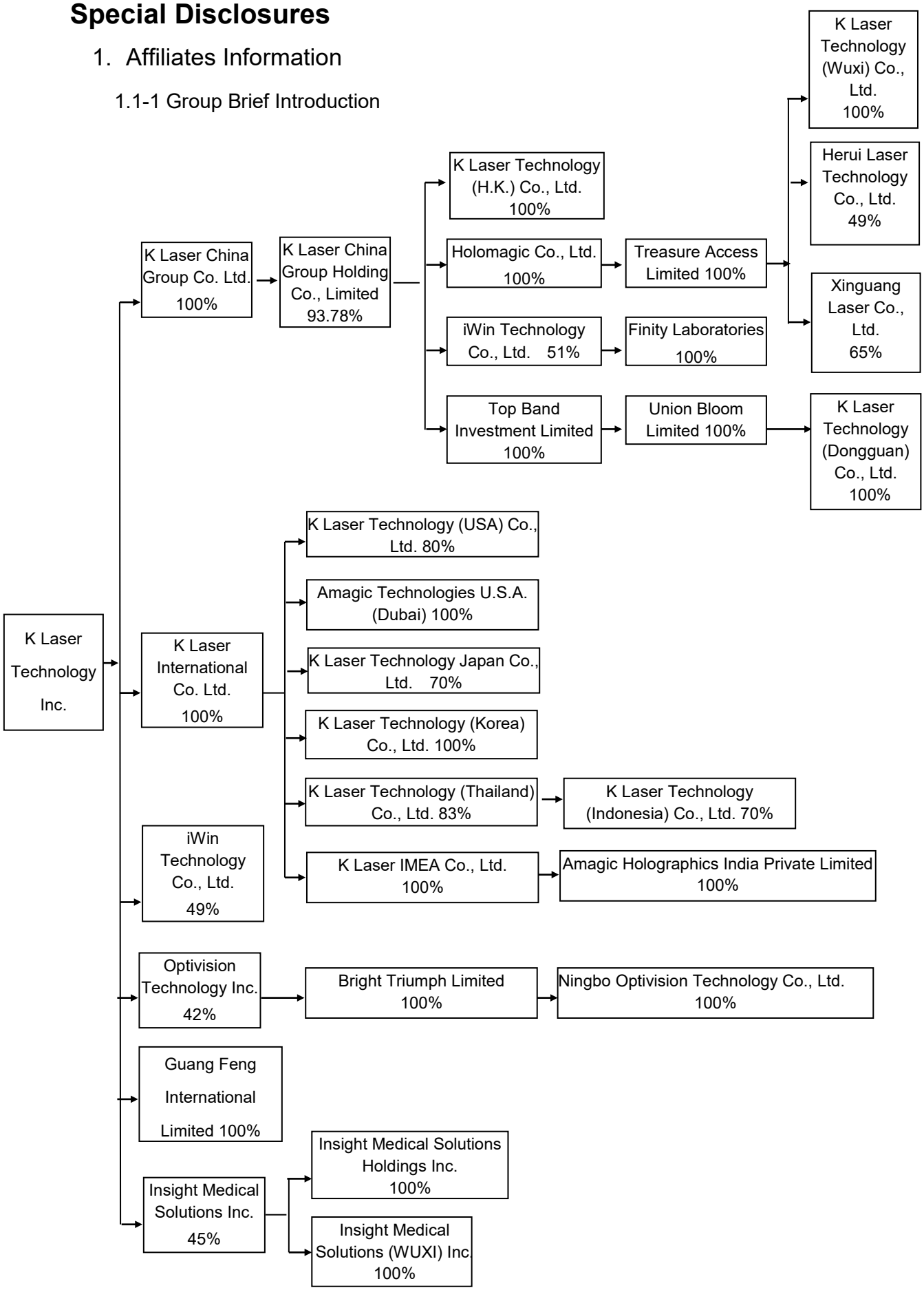
(13) Other important risks and countermeasures: None.

7. Other Material Events: None.

Special Disclosures

1. Affiliates Information

1.1-1 Group Brief Introduction



1.1-2 Background Information of the Affiliated Companies

Unit: Original $Thousands 2021/12/31

Entity	Date of Incorporation	Address	Capital		Main Operation or Business Items
K Laser China Group Co., Ltd.	2000/10/31	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	RMB $	1,622,299	Investment Business
K Laser China Group Holding Co., Limited	2008/01/03	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.	RMB $	982,252	Investment Business
iWin Technology Co., Ltd	2005/03/22	Jipfa Building, 3th Floor, Main Street, Road Town, Tortola, British Virgin Islands.	US $	6,430	Investment Business
Finity Laboratories	2001/11/16	922 San Leandro Ave., Suite D, Mountain View, California 94043 U.S.A..	US $	700	R&D of Holographic Technology
K Laser Technology (H.K.) Co., Ltd.	2000/06/28	No. 5, 1/F, Trust Centre, 912 Cheung Sha Wan Road, Kowloon, Hong Kong.	HK $	1,284	Sales of Holographic Products
Holomagic Co., Ltd.	2000/09/29	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	RMB $	112,440	Investment Business
Treasure Access Limited	2007/11/28	Unit 901, 9/F.,Times Tower, 928-930 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.	RMB $	65,024	Investment Business
K Laser Technology (Wuxi) Co., Ltd.	2000/12/29	#60Segmen, Changjiang road Wuxi New District Zone, Wuxi Jiangsu, China.	RMB $	126,339	Production and Sales of Holographic Products
Herui Laser Technology Co., Ltd.	2009/11/19	No.33, Huangxing Avenue, Xingsha Economic & Technical Development Zone, Changsha, Hu'nan, China	RMB $	51,800	Production and Sales of Holographic Products
Top Band Investment Ltd.	2007/09/13	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands.	RMB $	130,106	Investment Business
Union Bloom Limited	2007/11/28	Unit 901, 9/F.,Times Tower, 928-930 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.	RMB $	177,857	Investment Business
K Laser Technology (Dongguan) Co., Ltd.	2001/09/07	Da Hsui Hu Area, Da Pian Mei Village, Daling Shang, Dong Guan City.	RMB $	165,621	Production and Sales of Holographic Products
K Laser International Co., Ltd.	2000/10/31	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US $	21,161	Investment Business
K Laser Technology (USA) Co., Ltd.	1993/02/18	3123 W. MacArthur Blvd. Santa Ana, CA ,USA.	US $	7,527	Sales of Holographic Products
Amagic Technologies U.S.A. (Dubai)	1996/12/03	Jebel Ali Free Zone RA/08 VA-05 P.O.Box 61306 Dubai, UAE..	AED $	5,326	Sales of Holographic Products
K Laser Technology Japan Co., Ltd.	2003/07/11	1-4-44, Atobehonmati, Yao City, Osaka Japan 581-0064	JPY $	96,000	Production and Sales of Holographic Products
K Laser Technology (Korea) Co., Ltd.	2002/08/26	464-1 Hyeongok-Ri, Cheongbuk-Myeon, Pyeongtak-City, Gyeonggi-Province, Korea 451-831	KRW $	3,385,200	Production and Sales of Holographic Products
K Laser Technology (Thailand) Co., Ltd.	1995/12/18	111/89 Moo 7 Bangchalong, Bangplee, Samutprakarn 10540, Thailand	THB $	112,200	Production and Sales of Holographic Products
K Laser Technology (Indonesia) Co., Ltd.	2017/06/27	PUSAT NIAGA ROXY MAS Blok E2 No.44 Jl. K.H. Hasyim Ashari 125, Cideng, Jakarta Pusat 10150	IDR$	13,806,270	Production and Sales of Holographic Products
Xinguang Laser Co., Ltd.	2001/08/03	No. 285, Xicheng Road, Jiangyin City, China	RMB $	80,000	Production of special film coating, decorative film and environmentally friendly transfer paper
Amagic Holographics India Private Limited	2003/07/11	B-74 Ambad MIDC Industrial Area, Ambad, Nashik 422010	INR $	109,156	Production and Sales of Holographic Products
Optivision Technology Inc.	2004/07/14	3F,No. 1, Li Hsin Rd. VI, Science-Based Industrial Park, Hsinchu, Taiwan30078, R.O.C.	NT $	586,536	Production and R&D of Optical Prism Film
Bright Triumph Limited	2008/03/26	Level 3, Alexander House, 35 Cybercity, Ebene,Mauritius	NT $	242,173	Investment Business
Ningbo Optivision Technology Co., Ltd.	2008/05/28	N0.6 West Road Lushan Bonded Southern District,Ningbo Free Trade Zone	RMB $	33,607	Production of Optical Prism Film
Guang Feng International Ltd.	2005/3/31	Portcullis TrustNet Chambers P.O.Box 1225 Apia, SAMOA	US$	4,846	Investment Business
Insight Medical Solutions Inc.	2015/4/23	4F,No. 1, Li Hsin Rd. VI, Science-Based Industrial Park, Hsinchu, Taiwan30078, R.O.C.	NT$	200,000	R & D and sales of gastrointestinal endoscopy and other

Entity	Date of Incorporation	Address	Capital	Main Operation or Business Items
				businesses
Insight Medical Solutions Holdings Inc.	2019/1/14	4F,No. 1, Li Hsin Rd. VI, Science-Based Industrial Park, Hsinchu, Taiwan30078, R.O.C.	US $ 2,500	Investment Business
Insight Medical Solutions(WUXI) Inc.	2019/8/23	No. 35-107, Changjiang South Road, Xinwu District, Wuxi, China	RMB $ 2,500	R & D and sales of gastrointestinal endoscopy and other businesses

1.1-3 Information Regarding Same Shareholders of Affiliated Companies Who Is Deemed to Have Control or Subject to Significant Influence：None

1.1-4 Directors, Supervisors, and Presidents of the Affiliated Companies

2021/12/31

Entity	Title	Name of the Representation	Shareholding	
			Shares	Holding (%)
K Laser China Group Co., Ltd. (KLCN)	Director (K Laser)	Alex Kuo	21,289,005	100%
K Laser China Group Holding Co., Limited (KLCG)	Director (KLCN)	Alex Kuo	89,096,401	100%
	Director (KLCN)	C. L. Kuo		
	Director (KLCN)	Vincent Tsai		
iWin Technology Co., Ltd	Director (K Laser)	Alex Kuo	157,545	49%
	Director (KLCG)	Alex Kuo	163,975	51%
Finity Laboratories	Director (iWin)	Alex Kuo	700,000	100%
	GM	Michael T.Iimura	-	-
K Laser Technology (HK) Co., Ltd.	Director (KLCG)	Alex Kuo	1,283,500	100%
	Director (KLCG)	Daniel Kuo		
	GM	Winnie Chan	-	-
Holomagic Co., Ltd.	Director (KLCG)	Alex Kuo	30,000	100%
Treasure Access Limited	Director (Holomagic)	Alex Kuo	10,000	100%
K Laser Technology (Wuxi) Co., Ltd.	Chairman (Treasure)	Daniel Kuo	-	100%
	Director (Treasure)	Alex Kuo		
	Director (Treasure)	C. L. Kuo		
	Supervisor	Mark Chen	-	-
	VGM	Jack Lai	-	-
Herui Laser Technology Co., Ltd.	Chairman(Hosin Packaging)	Zhi Wei Yi	-	51%
	Director (Hosin Packaging)	HaiBo LI		
	Director (Treasure)	C. L. Kuo		
	Director (Treasure)	Alex Kuo	-	49%
	Director (Treasure)	Daniel Kuo		
	Supervisor (Hosin Packaging)	Wen Jie Huang	-	-
	VGM	JunDe WU	-	-
Top Band Investment Ltd.	Director (KLCG)	Alex Kuo	50,000	100%
Union Bloom Limited	Director (TOP)	Alex Kuo	10,000	100%
K Laser Technology (Dongguan) Co., Ltd.	Chairman (Union)	Daniel Kuo	-	100%
	Director (Union)	James Kuo		
	Director (Union)	C. L. Kuo		
	Supervisor	Mark Chen	-	-
	VGM	Coger Ye	-	-
K Laser International Co., Ltd.	Director (K Laser)	Alex Kuo	20,361,462	100%
K Laser Technology (USA) Co., Ltd.	Chairman (International)	Alex Kuo	6,500,000	80%
	Director (International)	Daniel Kuo		
	Director (Murata)	Shiro Murata	1,625,000	20%

Entity	Title	Name of the Representation	Shareholding	
			Shares	Holding (%)
	Acting General Manager	Sammy Chen	-	-
Amagic Technologies U.S.A (Dubai)	Chairman (International)	Alex Kuo	-	100%
	Director & GM	Joseph Habchi	-	-
K Laser Technology Japan Co., Ltd.	Chairman (International)	Daniel Kuo	1,344	70%
	Director (International)	Alex Kuo		
	Director (International)	James Kuo		
	Director	Shiro Murata	576	30%
	Director & GM	Jun Murata		
	Supervisor	Hiroaki Soejima	-	-
K Laser Technology (Korea) Co., Ltd.	Chairman (International)	Daniel Kuo	677,040	100%
	Director (International)	Alex Kuo		
	Director (International)	Teresa Huang		
	Supervisor (International)	Vincent Tsai		
	GM (International)	Jacky Chen		
K Laser Technology (Thailand) Co., Ltd.	Chairman (International)	Alex Kuo	9,277,984	83%
	Director (International)	Daniel Kuo		
	Director	S. L. Yang	202,998	2%
	Director	Jennifer Fwu	-	-
	Director & GM	Simon Fwu	1,000,000	9%
K Laser Technology (Indonesia) Co., Ltd.	Director (KLTH)	Simon Fwu	266,000	70%
	Director	JULIANI HADISOEWONO	-	-
Amagic Holographics India Private Limited	Director (International)	Alex Kuo	10,915,954	100%
	Director (International)	Daniel Kuo		
	Director & GM	Joseph Habchi		
Optivision Tech Inc.	Chairman & GM	Daniel Kuo	545,023	0.93%
	Director (K Laser)	K Laser Technology Co., Ltd.	23,614,835	40.26%
	Director	James Kuo	32,039	0.05%
	Director	Ken Yuan	82,253	0.14%
	Independent Director	Yuan-Shi Chiou	-	-
	Independent Director	Ruei-Dang Jang	-	-
	Independent Director	Mong-Ou Yang	-	-
	GM	Ken Yuan	82,253	0.14%
Bright Triumph Limited	Director (Optivision)	Daniel Kuo	7,913,767	100%
Ningbo Guangyao Optivision Technology Co.,Ltd.	Director (BTL)	Daniel Kuo	-	100%
	GM	Chi-Di Hung	-	-
Guang Feng Internation Limited	Director (K Laser)	Alex Kuo	6,820,810	100%
Insight Medical Solutions Inc	Chairman	Alex Kuo	245,000	1%
	Director (K Laser)	Alex Kuo	8,995,264	44.98%
	Director (K Laser)	Teresa Huang		
	Director	British Virgin Islands Shangderun Medical Biotechnology Holdings Limited	3,200,000	16%
	Director	Gu Yun Chen	243,000	1.22%
	Supervisor	Vincent Tsai	131,000	0.66%
	Supervisor	C. L. Kuo	30,000	0.15%
Insight Medical Solutions Holdings Inc.	Director (IMS)	Alex Kuo	-	-
Insight Medical Solutions(WUXI) Inc.	Director	Alex Kuo	-	-

Entity	Title	Name of the Representation	Shareholding	
			Shares	Holding (%)
Xinguang Laser Co., Ltd.	Chairman & GM	Zhang Xuebin	13,000	0.02%
	Director (Treasure)	Alex Kuo	52,000,000	65%
	Director (Treasure)	Daniel Kuo		
	Director (Treasure)	C.L. Kuo		
	Supervisor	Coger Yeh	-	-

1.1-5 Operating Highlights of the Affiliated Companies

Financial Status and Operating Results

Unit：NT$ Thousands 2020/12/31

Entity	Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income (After Tax)	EPS (NT$) (After Tax)
K Laser China Group Co., Ltd.	1,622,300	2,239,877	-	2,239,877	-	(66)	208,450	9.79
K Laser China Group Holding Co., Limited	982,252	2,388,508	-	2,388,508	-	(164)	212,876	2.25
iWin Technology Co., Ltd	177,993	30,308	-	30,308	-	(38)	(6,190)	(39.29)
Finity Laboratories	19,376	19,284	1,776	17,508	12,456	(6,929)	(6,062)	(8.69)
K Laser Technology (H.K.) Co., Ltd.	4,568	53,549	33,254	20,295	159,807	2,127	3,419	2.66
Holomagic Co., Ltd.	488,439	1,217,711	-	1,217,711	-	(38)	56,555	1,885.18
Treasure Access Limited	282,462	1,247,012	39,862	1,207,150	51,732	2,376	56,724	5,672.35
K Laser Technology (Wuxi) Co., Ltd.	548,815	814,266	148,275	665,991	619,474	25,917	21,520	N/A
Herui Laser Technology Co., Ltd.	225,019	722,633	374,852	347,781	1,002,574	(4,209)	14,118	N/A
Top Band Investment Ltd.	565,179	1,134,558	-	1,134,558	-	(34)	151,514	3,030.27
Union Bloom Limited	772,613	1,144,058	27,569	1,116,489	-	(70)	151,662	15,166.20
K Laser Technology (Dongguan) Co., Ltd.	719,457	1,473,245	329,456	1,143,789	1,299,915	173,446	165,572	N/A
Hunan Hexin Packaging Materials Co., Ltd.	80,798	507,739	374,633	133,106	210,250	19,475	18,136	N/A
K Laser International Co., Ltd.	585,749	750,140	-	750,140	-	(87)	99,315	4.69
K Laser Technology (USA) Co., Ltd.	208,345	525,193	216,858	308,335	625,227	10,083	88,382	13.60
Amagic Technologies U.S.A. (Dubai)	39,093	137,681	40,610	97,071	104,852	4,966	4,678	N/A
K Laser Technology Japan Co., Ltd.	23,088	254,373	133,257	121,116	262,142	27,122	17,106	8,909.14
K Laser Technology (Korea) Co., Ltd.	79,552	65,650	13,453	52,197	82,642	5,057	4,567	6.75
K Laser Technology (Thailand) Co., Ltd.	107,218	350,933	43,120	307,813	152,781	11,166	10,131	0.90
K Laser Technology (Indonesia) Co., Ltd.	28,944	31,851	-	31,851	-	-	-	-
Xinguang Laser Co., Ltd.	347,520	644,303	173,618	470,685	596,537	35,462	34,769	0.43
Amagic Holographics India Private Limited	69,424	12,205	567	11,638	-	(1,000)	(913)	(0.08)
Optivision Technology Inc.	586,536	1,981,771	612,941	1,368,830	1,619,616	(64,081)	(32,168)	(0.55)
Bright Triumph Limited	242,173	311,249	158,011	153,238	389,928	5,730	3,645	0.46
Ningbo Optivision Technology Co., Ltd.	145,989	237,734	158,103	79,631	390,273	8,661	6,245	N/A
Guang Feng International Ltd.	134,132	23,845	7,555	16,290	-	(72)	30,506	6.30

Entity	Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income (After Tax)	EPS (NT$) (After Tax)
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	188,221	177,697	97,134	80,563	455,411	(200)	-	-
Insight Medical Solutions Inc.	200,000	200,708	16,912	183,796	4,944	(80,473)	(76,734)	(3.86)
Insight Medical Solutions Holdings Inc.	692	64,289	360	63,929	-	-	(6,620)	(2.65)
Insight Medical Solutions(Wuxil) Inc.	74,744	65,851	2,432	63,419	-	(6,787)	(4,589)	(1,835.43)

Exchange Rate：

$ 1 USD=$ 27.6800 NT	$ 1 EUR=$ 31.3200 NT
$ 1 HKD=$ 3.5490 NT	$ 1 RMB=$ 4.3440 NT
$ 1 JPY=$ 0.2405 NT	$ 1 DHS=$ 7.5396 NT
$ 1 THB=$ 0.8347 NT	$ 1 KRW=$ 0.0235 NT
$ 1 INR =$ 0.3718 NT	

1.2 Consolidated Financial Statements: Please refer to the Consolidated Financial Statements.

2. Private Placement Securities in the Most Recent Years：None

3. K Laser Shares Held or Sold by its Subsidiaries：None

4. Other Necessary Supplements：None

Major items to affect equity or stock price

Major Items to Affect Equity or Stock Price：None

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Exchangeable Bond Exchange Marketplace
Marketable Security：None

Company Website : www.klasergroup.com

光群雷射科技股份有限公司
K LASER TECHNOLOGY INC.

負責人 / Chairman：郭維武 / Alex Kuo

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