Stock Code: 2461

K Laser Technology Inc. and its Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

(Translatored)

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§CONTENT§

Declaration of Consolidated Financial Statements of Associates

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, 2020 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 its subsidiaries did not prepare a separate set of consolidated financial statements of associates.

Company Name: K Laser Technology Inc.

Chairman: Kuo Wei-Wu

March 23, 2021

Independent Auditors' Report

Submitted to K Laser Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of K Laser Technology Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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 its subsidiaries as of December 31, 2020 and 2019 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

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 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. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and

Attestation of Financial Statements by Certified Public Accountants, the approval letter with Ref. No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 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 consolidated financial statements of K Laser Technology Inc. and its 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 sales revenue of K Laser Technology Inc. and its subsidiaries is mainly generated from the manufacture of laser films, anti-counterfeit labels, precision optical components and optical instruments, etc. The sales from the products sold during the year 2020 were significantly focused on one single customer. Since the sales revenue and the verification thereof were significant to the consolidated financial statements, we therefore identified the sales revenue from the said customer as a key audit matter for the year. Refer to Note 4 to the consolidated financial statements for the details on accounting policies related to revenue recognition.

Our key audit procedures performed in respect of the aforementioned key audit matters included understanding of the internal control procedures relevant to sale transactions, and confirmation and assessment of the effectiveness of internal controls related to sale transactions. In addition, we also sampled the records of the transactions made with the major customers to review their external shipping documents and export declaration forms and verify that the payment recipients were consistent with the entities to which products were sold.

Other Matters

We did not audit the financial statements of some subsidiaries included in the consolidated financial statements of K Laser Technology Inc. and its 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, 2020 and 2019, the total assets of the aforementioned subsidiaries amounted to NT$439,989 thousand and NT$223,410 thousand, respectively, which accounted for 5.53% and 3.29% of the consolidated total assets, respectively. For the years ended December 31, 2020 and 2019, the net operating revenue of these subsidiaries were NT$285,507 thousand and NT$323,629 thousand, respectively, which accounted for 5.25% and 6.22% 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, 2020 and 2019, investments of the aforementioned investee companies accounted for using the equity method were NT$123,089 thousand and NT$110,335 thousand, respectively, which accounted for 1.55% and 1.62% of the consolidated total assets, respectively. For the years ended December 31, 2020 and 2019, the amounts of investment gain recognized by the aforementioned investee companies and accounted for using the equity method were NT$13,315 thousand and NT$9,460 thousand, respectively, which accounted for 5.74% and (8.20)% 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, 2020 and 2019 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 its 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 its 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 its 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 its 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 its 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 its 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, 2020 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 23, 2021

K Laser Technology Inc. and its Subsidiaries

Consolidated Balance Sheet

December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,629,811	33	$ 1,588,179	23
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	27,150	-	201,777	3
1150	Notes receivable (Notes 4 and 8)	35,457	1	105,839	2
1170	Trade receivables (Notes 4 and 8)	855,955	11	910,058	13
1180	Trade receivables from related parties (Notes 4, 8 and 30)	670,406	8	473,652	7
1200	Other receivables (Note 30)	58,048	1	36,358	1
1220	Current tax assets (Notes 4 and 24)	7,552	-	11,512	-
130X	Inventories (Notes 4 and 9)	993,440	13	914,826	14
1460	Current assets held for sale (Notes 4 and 10)	28,154	-	-	-
1470	Other current assets (Notes 6 and 19)	188,677	2	162,723	2
11XX	Total current assets	5,494,650	69	4,404,924	65
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income－non-current (Notes 4 and 11)	118,244	2	102,466	1
1550	Investments accounted for using the equity method (Notes 4 and 13)	591,940	7	600,010	9
1600	Property, plant and equipment (Notes 4 and 14)	1,131,375	14	1,189,677	18
1755	Right-of-use assets (Notes 4 and 15)	263,580	3	249,659	4
1805	Goodwill (Notes 4, 17 and 27)	85,752	1	85,752	1
1821	Other intangible assets (Notes 4 and 18)	44,672	1	48,465	1
1840	Deferred tax assets (Notes 4 and 24)	21,094	-	27,887	-
1990	Other non-current assets (Notes 6 and 19)	208,183	3	77,624	1
15XX	Total non-current assets	2,464,840	31	2,381,540	35
1XXX	Total assets	$ 7,959,490	100	$ 6,786,464	100

Code	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 20)	$ 810,164	10	$ 801,147	12
2110	Short-term notes and bills payable (Note 20)	299,917	4	169,943	2
2150	Notes payable	257,027	3	158,715	2
2170	Trade payables	507,491	7	442,698	7
2180	Trade payables to related parties (Note 30)	43,535	1	48,468	1
2200	Other payables	415,897	5	367,623	5
2220	Other payables to related parties (Note 30)	1,753	-	12,054	-
2230	Current tax liabilities (Notes 4 and 24)	13,559	-	22,463	-
2280	Lease liabilities－current (Notes 4 and 15)	51,244	1	38,882	1
2320	Current portion of long-term liabilities (Note 20)	100,000	1	10,000	-
2399	Other current liabilities	24,509	-	70,297	1
21XX	Total current liabilities	2,525,096	32	2,142,290	31
	Non-current liabilities				
2540	Long-term borrowings (Note 20)	1,250,000	16	1,180,000	18
2580	Lease liabilities－non-current (Notes 4 and 15)	199,582	2	195,155	3
2640	Net defined benefit liabilities－non-current (Notes 4 and 21)	18,888	-	25,498	-
25XX	Total non-current liabilities	1,468,470	18	1,400,653	21
2XXX	Total liabilities	3,993,566	50	3,542,943	52
	Equity (Note 22)				
	Share capital				
3110	Ordinary shares	1,593,246	20	1,593,246	23
3200	Capital reserve	585,347	7	551,531	8
	Retained earnings				
3310	Legal reserve	213,042	3	213,042	3
3320	Special reserve	200,987	2	201,090	3
3350	Unappropriated earnings	384,752	5	255,807	4
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(287,085)	(4)	(278,472)	(4)
3420	Unrealized gain on financial assets at fair value through other comprehensive income	(30,403)	-	(33,033)	(1)
3500	Treasury shares	(118,736)	(1)	(102,122)	(1)
31XX	Total equity attributable to the Company	2,541,150	32	2,401,089	35
36XX	Non-controlling interests	1,424,774	18	842,432	13
3XXX	Total equity	3,965,924	50	3,243,521	48
	Total liabilities and equity	$ 7,959,490	100	$ 6,786,464	100

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

(Please refer to the Deloitte & Touche auditors' report dated March 23, 2021.)

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

K Laser Technology Inc. and its Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2020 and 2019

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

		2020		2019	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 30)	$ 5,439,230	100	$ 5,199,022	100
5110	Cost of goods sold (Notes 9 and 30)	4,175,137	76	4,014,862	77
5950	Gross profit	1,264,093	24	1,184,160	23
	Operating expenses (Notes 8 and 30)				
6100	Selling and marketing	328,332	6	317,144	6
6200	General and administrative	435,814	8	406,136	8
6300	Research and development	254,895	5	248,527	5
6450	Expected credit impairment loss	16,330	-	181,335	3
6000	Total operating expenses	1,035,371	19	1,153,142	22
6900	Profit from operations	228,722	5	31,018	1
	Non-operating income and expenses				
7060	Share of profit or loss of associates accounted for using the equity method (Note 13)	31,550	1	(103,825)	(2)
7100	Interest income (Note 30)	10,175	-	13,871	-
7130	Dividend income	2,354	-	837	-
7190	Other income-others (Note 30)	42,242	1	15,042	-
7210	Gain (or loss) on disposal of property, plant and equipment	(2,212)	-	2,602	-
7230	Loss on foreign exchange	(23,648)	-	(11,795)	-
7235	Gain on financial assets (liabilities) at fair value through profit or loss	(31)	-	880	-
7510	Interest expense	(38,560)	(1)	(40,634)	(1)
7590	Miscellaneous expense	(32,425)	(1)	(68,147)	(1)
7625	Gain on disposal of investment	22,673	-	49,298	1
7670	Impairment loss	(8,739)	-	(4,539)	-
7000	Total non-operating income andexpenses	3,379	-	(146,410)	(3)

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Code		2020 Amount	2020 %	2019 Amount	2019 %
7900	Profit (loss) before tax	$ 232,101	5	($115,392)	(2)
7950	Income tax expense (Notes 4 and 28)	(40,962)	(1)	(43,317)	(1)
8200	Profit (loss) for the year	191,139	4	(158,709)	(3)
	Other comprehensive income (loss) (Note 21)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	236	-	(4,228)	-
8316	Unrealized loss oninvestments in equity instruments at fair value through other comprehensive income	12,617	-	(24,763)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(9,186)	-	(88,238)	(2)
8370	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method	(1,872)	-	(768)	-
8300	Total other comprehensive income (loss)	1,795	-	(117,997)	(2)
8500	Total comprehensive income (loss) for the year	$ 192,934	4	($276,706)	(5)
	Net profit (loss) attributed to				
8610	Owners of the company	$ 144,409	3	($119,835)	(2)
8620	Non-controlling interests	46,730	1	(38,874)	(1)
8600		$ 191,139	4	($158,709)	(3)
	Total comprehensive income (loss) attributed to				
8710	Owners of the company	$ 137,403	3	($234,732)	(4)
8720	Non-controlling interests	55,531	1	(41,974)	(1)
8700		$ 192,934	4	($276,706)	(5)
	Earnings (loss) per share (Note 25)				
	From continuing operations				
9710	Basic	$ 0.96		($ 0.79)	
9810	Diluted	$ 0.95			

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Deloitte & Touche auditors' report dated March 23, 2021.)

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

K Laser Technology Inc. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2020 and 2019

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	Unrealized loss (gain) on financial assets at fair value through other comprehensive income	Transactions of Treasury shares	Non-controlling interests	Total equity
A1	Balance at January 1, 2019	$ 1,593,246	$ 529,962	$ 206,459	$ 162,918	$ 488,494	($ 195,571)	($ 5,574)	($ 93,118)	$ 701,404	$ 3,388,220
	Appropriation and distribution of 2018 earnings (Note 22)										
B1	Legal reserve	-	-	6,583	-	(6,583)	-	-	-	-	-
B3	Special reserve	-	-	-	38,226	(38,226)	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	(62,043)	-	-	-	-	(62,043)
D1	Net profit (loss) for the year ended December 31, 2019	-	-	-	-	(119,835)	-	-	-	(38,874)	(158,709)
D3	Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(4,228)	(82,979)	(27,690)	-	(3,100)	(117,997)
L1	Buy-back of treasury shares (Note 22)	-	-	-	-	-	-	-	(17,422)	-	(17,422)
L5	Acquisition of the parent company's shares by subsidiaries as treasury shares	-	-	-	-	-	-	-	(22,785)	(28,503)	(51,288)
N1	Share-based payment transactions (Note 26)	-	21,060	-	-	-	-	-	31,203	-	52,263
M5	Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	211	-	(54)	(177)	78	231	-	-	289
M7	Changes in percentage of ownership interests in subsidiaries	-	298	-	-	(1,595)	-	-	-	-	(1,297)
O1	Non-controlling interests	-	-	-	-	-	-	-	-	211,505	211,505
Z1	Balance at December 31, 2019	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 22)										
B1	Legal reserve	-	-	-	-	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	-	-	-	-	-
D1	Net profit for the year ended December 31, 2020	-	-	-	-	144,409	-	-	-	46,730	191,139
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2020	-	-	-	-	236	(8,874)	1,632	-	8,801	1,795
L1	Buy-back of treasury shares (Note 22)	-	-	-	-	-	-	-	(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	Cchanges 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

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Deloitte & Touche auditors' report dated March 23, 2021.)

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

K Laser Technology Inc. and its Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

Code			2020	2019
	Cash flows from operating activities			
A10000	Profit (loss) before tax	$	232,101	($ 115,392)
A20010	Income and expense adjustments			
A20100	Depreciation expense		231,574	230,257
A20200	Amortization expense		5,028	3,903
A20300	Expected credit impairment loss		16,330	181,335
A20400	Net (gain) on financial assets at fair value through profit or loss		31	(880)
A20900	Interest expense		38,560	40,634
A21200	Interest income		(10,175)	(13,871)
A21300	Dividend income		(2,354)	(837)
A21900	Share-based compensation expense		9,301	23,002
A22300	Share of (profit) loss of associates and joint ventures accounted for using the equity method		(31,550)	103,825
A22500	Loss (gain) on disposal and write-down of property, plant and equipment		2,212	(2,602)
A23100	Gain on disposal of investment		(22,673)	(49,298)
A23700	Impairment loss recognized on non-financial asset		8,739	4,539
A23800	Loss on inventory valuation and obsolescence		126	27,886
A29900	Gain on lease modification		(246)	(5)
A30000	Net change in operating assets and liabilities			
A31130	Notes receivable		70,382	(65,450)
A31150	Trade receivables		31,956	239,889
A31160	Trade receivables from related parties		(201,462)	(100,796)
A31180	Other receivables		(27,680)	19,313
A31200	Inventories		(78,740)	50,017
A31240	Other current assets		(28,796)	50,890
A31990	Other non-current assets		(7,383)	(3,635)
A32130	Notes payable		98,312	(70,047)
A32150	Trade payables		64,793	(39,864)
A32160	Trade payables to related parties		(4,933)	3,725
A32180	Other payables		34,137	38,860
A32230	Other current liabilities		3,449	(13,061)
A32240	Net defined benefit liabilities－non-current		(6,374)	(1,092)

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Code		2020	2019
A33000	Cash generated from operations	$ 424,665	$ 541,245
A33100	Interest received	10,175	13,871
A33300	Interest paid	(38,435)	(40,859)
A33500	Income tax paid	(39,114)	(43,945)
AAAA	Net cash generated from operating activities	357,291	470,312
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(3,000)	-
B00100	Acquisition of financial assets recognized initially at fair value through profit or loss	(584,470)	(878,342)
B00200	Disposal of financial assets recognized initially at fair value through profit or loss	764,621	759,139
B01800	Acquisition of long-term equity investment accounted for using the equity method	(9,005)	(76,906)
B01900	Proceeds from disposal of long-term equity investment accounted for using the equity method	19,762	8,375
B02000	Increase in prepayments for investment	-	(21,375)
B02700	Purchase of property, plant and equipment	(137,993)	(120,937)
B02800	Proceeds from disposal of property, plant and equipment	5,415	69,143
B03700	Decrease (increase) in refundable deposits	7,888	(8,644)
B04100	Decrease in other receivables	6,458	8,944
B04500	Purchase of intangible assets	(1,235)	(1,077)
B05000	Cash inflow due to merger	-	142,360
B06600	Decrease (increase) in other financial assets	(128,028)	631
B07600	Dividends received	7,045	5,042
BBBB	Net cash used in investing activities	(52,542)	(113,647)
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	9,017	(120,006)
C00500	Increase in short-term notes and bills payable	130,000	70,000
C01600	Long-term borrowings	250,000	920,000
C01700	Repayments of Long-term borrowings	(90,000)	(770,000)
C04500	Dividends paid to owners of the Company	-	(62,043)
C04900	Payments for buy-back of treasury shares	(77,812)	(17,422)
C05000	Disposal of treasury shares	45,507	-
C05100	Purchase of treasury shares by employees	-	81,141
C05400	Acquisition of interests in subsidiaries	(13,235)	(9,084)
C05500	Proceeds from sale of investments in subsidiaries	44,925	10,455

(Continued on next page)

(Brought forward from previous page)

Code		2020	2019
C05800	Changes in non-controlling interests	$ 498,218	($ 17,781)
C04020	Repayment of the principal portion of lease liabilities	(51,331)	(40,939)
CCCC	Net cash generated from financing activities	745,289	44,321
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents	(8,406)	(50,532)
EEEE	Increase in cash and cash equivalents for the year	1,041,632	350,454
E00100	Cash and cash equivalents at the beginning of the year	1,588,179	1,237,725
E00200	Cash and cash equivalents at the end of the year	$ 2,629,811	$ 1,588,179

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

(Please refer to the Deloitte & Touche auditors' report dated March 23, 2021.)

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

K Laser Technology Inc. and its Subsidiaries
Notes to the Consolidated Financial Report
For the years ended December 31, 2020 and 2019
(In thousands of New Taiwan Dollars, except as otherwise indicated herein)

I. Corporate History

K Laser Technology Inc. (hereinafter referred to as K Laser or the Company), which was incorporated in Hsinchu Science Park in April 1988, mainly engages in research, development, production, manufacturing and sale of specific materials, equipment and optical coating for holographic products and embossed holographic products, and export and import of the products mentioned above.

Stocks of the Company were traded at Taipei Exchange from December 9, 1999 and have been traded at Taiwan Stock Exchange since September 17, 2001.

The functional currency adopted by the Company is used to express amounts indicated in the consolidated financial report.

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) We initially apply the amended 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 (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.

1. Amendments to IFRS 3 “Definition of a Business”

These amendments are applicable to all transactions made by the Group after January 1, 2020. The amendments require that a business shall at least include contribution and important processes, both of which must significantly contribute to its production capacity. Significance of the "process acquired" is determined based on different judgment elements depending on whether production occurs on the acquisition date. In addition, a business may at its discretion use the concentration test, a simplified method additionally added to evaluate whether the combination of activities and assets acquired meet the needs of the business.

2. Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group has applied these amendments since January 1, 2020 by using "being reasonably expected to influence users" as the material threshold, adjusting disclosures in the financial report and deleting all immaterial information that may obscure material information.

3. Amendments to IFRS 16 ”Covid-19-Related Rent Concessions”

The Group chooses to proceed with Covid-19-related rent negotiations with lessors in a practical manner that is suitable for the amendments. Refer to Note 4 for relevant accounting policies. Before applying the amendments, the Company should decide whether the provisions for lease modifications are applicable to the aforementioned rent negotiations.

The Group has applied the amendments since January 1, 2020. As the aforementioned rent negations only influence the year 2020, the retrospective application of the amendments does not influence the retained earnings as of January 1, 2020.

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

Standards Issued / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption applicable to IFRS 9"	Effective on the date of announcement
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"	Effective from the annual reporting period after January 1, 2021

(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)
“Annual Improvement to Standards 2018-2020 Cycle”	January 1, 2022 (Note 2)
Amendments to IFRS 3 ”Amendments to References to the Conceptual Framework”	January 1, 2022 (Note 3)
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
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 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment：Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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: 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 3: The amendments are applicable to a business combination, the acquisition date of which falls in an annual reporting period after January 1, 2022.

Note 4: 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 5: The amendments are applicable to a contract under which the obligations have not been fully performed as of January 1, 2022.

Note 6: The amendments are applicable to postponement of an annual reporting period after January 1, 2023.

Note 7: 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.

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 amendments also explain that in case the Group needs to comply with some specific conditions before being granting the right to defer repayment of liabilities, the Group 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 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. 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 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 Group changes accounting policies during a reporting period and the change results in material changes in the information in financial statements;

(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 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 Group 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.

The influence of changes in measurement techniques and input values on accounting estimates

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

The consolidated financial report includes the financial reports of K Laser and the entities (subsidiaries) controlled by K Laser.

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 13 and Schedules 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.

In case that the identifiable assets obtained and the liabilities assumed for a business combination have not been measured yet, the temporarily determined amounts of such assets and liabilities are recognized on the balance sheet date. Besides, during the measurement period, retrospective adjustment shall be made and additional assets or liabilities shall be recognized in order to reflect the new information of the facts and circumstances existing on the acquisition date.

(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.

If the Group disposes all equity of a subsidiary operating overseas, disposes part of the equity of a subsidiary operating overseas but loses its control over the subsidiary, or disposes a joint agreement of a subsidiary operating overseas, or if the retained interest of an associate is financial assets and processed pursuant to the accounting policy established for financial instruments, then the accumulate exchange differences that are attributable to the owners of the Group and relevant to the entities operating overseas will be reclassified to profits (looses).

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 faire 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 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 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 Group 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 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) 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 consolidate 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.

(11) 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.

(12) 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.

(13) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Group evaluates on every balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets 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 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.

(14) 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.

(15) 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. Refer to Note 29 for the method used to determine 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.

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 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.

(16) 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.

(17) 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.

<u>Sales Revenue</u>

Sales revenue comes from sale of hologram 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.

(18) 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, 2020 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.

(19) 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.

(20) 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.

(21) 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.

(22) Share-based Payment Arrangement

Equity-settled share-based payments made to employees are measured based on fair value of equity instruments on the payment date.

Employee stock options are recognized as expenses on a straight-line basis for the given period based on the fair value determined on the payment date and the best estimate of the expected obtained employee stock options, and the "capital reserve－employee stock option" is also adjusted simultaneously.

The Group amends the estimate of the expected obtained employee stock options on each balance sheet date. If an originally estimated amount is amended, its effects are recognized as profits or losses so that accumulated expenses reflect the amended estimate, and the "capital reserve－employee stock option" is also adjusted accordingly.

(23) 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.

Shares of the Company held by its subsidiaries are treated as treasury shares.

(24) 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 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 management will review estimates and basic assumptions continuously. 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 the future years

VI. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and Revolving funds	$ 26,889	$ 25,148
Bank checks and saving deposits of bank	2,128,693	1,388,075
Cash equivalents		
Time deposits	474,229	174,956
	$ 2,629,811	$ 1,588,179

(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, 2020	December 31, 2019
Demand deposits	0.001%-0.3%	0.001%-0.3939%
Time deposits	0.03%-1.4%	0.03%-5%

(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, 2020	December 31, 2019
Other current assets (Note 19)		
Guarantee deposits for bank acceptance	$ 105,698	$ 67,318
Guarantee deposits for L/Cs	-	24
Performance bond	1,482	3,012
	$ 107,180	$ 70,354
Other non-current assets (Note 19)		
Guarantee deposits for land leases with Hsinchu Science Park	$ 5,000	$ 5,000
Guarantee deposits for issuance of debentures	128,445	-
	$ 133,445	$ 5,000

VII. Financial Instruments at FVTPL

	December 31, 2020	December 31, 2019
Non-derivative financial assets		
Beneficiary certificates of funds	$ 5,265	$ 29,577
Hybridfinancialassets—structured time deposits	21,885	172,200
	$ 27,150	$ 201,777

VIII. Notes Receivable and Trade Receivables

	December 31, 2020	December 31, 2019
Notes receivable		
at amortized cost		
Total book amount	$ 35,457	$ 105,839
Trade receivables		
at amortized cost		
Total book amount	$ 931,365	$ 979,566
Less: loss allowance	(75,410)	(69,508)
	$ 855,955	$ 910,058
Trade receivables from related parties (Note 30)		
at amortized cost		
Total book amount	$ 737,706	$ 625,330
Less: loss allowance	(67,300)	(151,678)
	$ 670,406	$ 473,652
Non-accrual loans		
Non-accrual loans	$ 7,705	$ -
Less: loss allowance	(7,705)	-
	$ -	$ -

(1) Notes Receivable

The notes receivable of the Group as of December 31, 2020 and 2019 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, 2020	December 31, 2019
Not overdue	$ 1,389,971	$ 1,215,885
1～60 days	133,975	144,974
61～90 days	24,245	32,435
91～180 days	35,314	48,457
181～360 days	16,058	33,147

	December 31, 2020	December 31, 2019
Over 361 days	69,508	129,998
Total	$ 1,669,071	$ 1,604,896

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

	2020	2019
Beginning balance	$ 221,186	$ 41,458
Add: Expected credit impairment loss allocated for the year	16,330	181,335
Less: Amounts written off actually for the year	(87,555)	(878)
Amounts reclassified to non-accrual loans	(7,705)	-
Foreign exchange differences	454	(729)
Ending balance	$ 142,710	$ 221,186

As of December 31, 2020, 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.

IX. Inventories

	December 31, 2020	December 31, 2019
Finished goods	$ 570,120	$ 537,909
Work in process	64,927	50,849
Raw materials and supplies	265,056	239,296
Merchandise	93,337	86,772
	$ 993,440	$ 914,826

Cost of goods sold relevant to inventories was NT$4,175,137 thousand and NT$4,014,862 thousand respectively in 2020 and 2019

Cost of goods sold included an inventory valuation loss amounting to NT$126 thousand and NT$27,886 thousand respectively in 2020 and 2019.

X. Non-current Assets and Disposal Groups Classified as Held for Sale

The board of the Group 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. The plan is ongoing and the disposal procedure is expected to be completed within 12 months. The Group 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 consolidated balance sheet.

	December 31, 2020	December 31, 2019
Boxlight Corporation	$ 28,154	$ -

As of December 31, 2020, the Group possessed equity in Boxlight Corporation with fair value of NT$203,500 thousand.

XI. Financial Assets at FVTOCI

Investments in Equity Instruments－Non-current

	December 31, 2020	December 31, 2019
Non-current		
Domestic investments -non-listed (non-over-the-counter) stocks		
CM Visual Technology Corp.	$ 459	$ 8,520
Chinese Development, Biomedicine and Venture Investment Co., Ltd.	32,457	28,161
Mega Plastic Industry Co., Ltd.	2,068	-
Aether Precision Technology Inc.	1,249	1,249
Foreign investments -non-listed (non-over-the-counter) stocks		
Guangcan Optoelectronic (Cayman) Holding Company	73,090	54,370
Shenzhen City Zhenhuajia Environmental Energy Co., Ltd.	8,921	10,166
	$ 118,244	$ 102,466

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.

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, 2020	Shareholding December 31, 2019
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	41%	46%
K Laser	Everest Display Inc. (hereinafter referred to as Everest Display) (Note 3)	Sale of produced optical instruments and equipment	-	80%
K Laser	Insight Medical Solutions Inc. (hereinafter referred to as Insight Medical) (Note 2)	Research, Developmen and sale of endoscopes used In gastrointestinal tracts	45%	44%
K Laser	Everest International Co., Ltd.	Reinvestment in companies	100%	100%
K Laser and China Group Holding	iWin Technology Co., Ltd. (hereinafter referred to as iWin)	Reinvestment in companies	100%	100%
International	K Laser Technology (Korea) Co., Ltd. (hereinafter referred to as K Laser Korea)	Manufacturing and sale of holographic products	100%	100%
International	K Laser Technology (Thailand) Co., Ltd. (hereinafter referred to as K Laser Thailand)	Manufacturingand 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	100%	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%
China Group	K Laser China Group Holding Co., Limited (hereinafter referred to as China Group Holding)	Reinvestment in companies	99.60%	99.60%
China Group	Holoprint Co., Ltd. (hereinafter referred to as Holoprint)	Reinvestment in companies	100%	100%

(Continued on next page)

(Brought forward from previous page)

Name of investing company	Name of subsidiary	Nature of business	Shareholding	
			December 31, 2020	December 31, 2019
China Group Holding	K Laser Technology (Hong Kong) Co., Ltd. (hereinafter referred to as K Laser Hong Kong)	As an agent to sell holographic 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	Ningpo Optivision Optical Technology Co., Ltd.	Processing of optical films	100%	100%
Treasure	Wuxi K Laser Laser Technology Co., Ltd. (hereinafter referred to as Wuxi K Laser)	Manufacturing and sale of holographic products	100%	100%
Treasure	Hunan Herui Laser Technology Co., Ltd. (hereinafter referred to as Hunan Herui Laser)	Manufacturing and sale of holographic products	49%	49%
Union	Dongguan K Laser Technology Co., Ltd. (hereinafter referred to as Dongguan K Laser)	Manufacturing and sale of holographic products	100%	100%
IMEA	Amagic Holographics India Private Limited (hereinafter referred to as Amagic India)	Manufacturing and sale of holographic products	100%	100%
iWin	Finity Laboratories (hereinafter referred to as Finity)	Research and development of holography	100%	100%
Everest Display	Everest International Co., Ltd.	Reinvestment business	(Note 3)	100%
Insight Medical	Insight Medical Solutions Holdings Inc. (hereinafter referred to as IMS Holding)	Reinvestment business	100%	100%
Insight Medical	ICMD Co., Ltd.	Sale of endoscopes used in gastrointestinal tracts	-	80%
IMS Holding	Glory Group Medical (Wuxi) Co., Ltd	Research, development and sale of endoscopes used in gastrointestinal tracts	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%	-

Note 1: K Laser technology (Indonesia) Co., Ltd., incorporated in 2019, mainly engages in manufacturing and sale of holographic products.

Note 2: Insight Medical Solutions Inc., incorporated on April 23, 2915, mainly engages in research and development of endoscopes used in gastrointestinal tracts, and is an associate of the Group using the equity method. Insight Medical conducted a seasoned equity offering in December 2019. After the change, the shares held by the Group increased to 44% and the Group also obtained control. Thus Insight Medical was included in the consolidated entities from December 2019.

Note 3: The Company conducted a short-form merger with Everest Display on June 30, 2020. After the merger, Everest Display was a dissolved company.

The financial statements of Insight Medical Solutions Inc., K Laser Technology (Hong Kong) Co., Ltd., a subsidiary of K Laser China Group Co., Ltd., Amagic Technologies U.S.A. (Dubai), a subsidiary of K Laser International Co., Ltd., and Amagic Holographics India Private Limited, a subsidiary of K Laser IMEA Co., Ltd., which are included in the consolidated financial statements, are audited by other CPAs rather than CPAs of the Company. The total assets of these subsidiaries, which were audited by other CPAs, were NT$439,989 thousand and NT$223,410 thousand respectively as of December 31, 2020 and 2019. The net operating revenue of these subsidiaries, which were audited by other CPAs, were NT$285,507 thousand and NT$323,629 thousand respectively for the years ended December 31, 2020 and December 31, 2019.

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

		Ratio of shareholding with non-controlling interests and voting rights	
Name of subsidiary	Main place of business	December 31, 2020	December 31, 2019
Optivision Technology Inc.	Hsinchu City	59%	54%

Name of subsidiary	Profit or loss distributed to non-controlling interests		Non-controlling interests	
	2020	2019	December 31, 2020	December 31, 2019
Optivision Technology Inc.	$ 72,475	($13,494)	$ 937,534	$ 395,595

K Laser was approved by the board of directors on December 24, 2020 to participate in the seasoned equity offering of Optivision Technology and subscribed for 3,267 thousand shares of Optivision Technology at NT$228,719 thousand on December 31, 2020. After the seasoned equity offering, its shareholding became 41%.

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 Its Subsidiaries

	December 31, 2020	December 31, 2019
Current assets	$ 2,059,623	$ 974,194
Non-current assets	320,491	277,973
Current liabilities	(740,937)	(505,038)
Non-current liabilities	(37,062)	(9,215)
Equity	$ 1,602,115	$ 737,914

	2020	2019
Operating revenue	$ 1,833,577	$ 1,367,166
Net profit (loss) from continuing operations	$ 130,960	($ 19,279)
Profit (loss) for the year	130,960	(19,279)
Other comprehensive income (loss)	19,406	2,413
Total comprehensive income (loss)	$ 150,366	($ 16,866)
Cash flows		
Operating activities	$ 27,565	$ 42,469
Investing activities	(38,888)	(20,827)
Financing activities	805,163	(3,762)
Effect of exchange rate changes	635	(3,146)
Net cash inflow	$ 794,475	$ 14,734

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, 2020 Book amount	December 31, 2020 Shareholding %	December 31, 2019 Book amount	December 31, 2019 Shareholding %
Individual immaterial associates						
Vicome Corp.	Manufacturing, processing, purchase and sale of fluorescent pigments and dyes	Yunlin	$123,089	30	$110,335	33
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	Production and sale of optical instruments	China	38,501	45	35,519	45
JiangSu Sunderray Laser Packing Material Co., Ltd.	Production of specific film coating, decorative films and environmentally friendly transfer paper	China	158,478	33	148,749	33
Foshan Donglin Packaging Materials Co., Ltd.	Production of packaging materials for tobacco and extended products	China	36,350	25	35,043	25
Hunan Hexin Packaging Materials Co., Ltd.	Mainly engaging in producing, processing and selling films and cigarette packs, and division of rolling paper	China	218,231	49	205,521	49
Boxlight Corporation	Production and sale of optical instruments	USA	-	-	22,158	25
CIO Tech Ltd.	Investment holding	Cayman Islands	17,291	22	21,310	24
Prepayments for investments			-	-	21,375	-
			$591,940		$600,010	

1. Insight Medical Solutions Inc., which mainly engages in research and development of endoscopes used in gastrointestinal tracts, etc., is one of the Group's associates evaluated by using the equity method. Insight Medical Solutions Inc. conducted a seasoned equity offering in December 2019. After the seasoned equity offering, the shares held by the Group increased to 44% and the Group also obtained control. Thus Insight Medical was included in the consolidated entities from December 2019. Refer to Note 12 for details.
2. In March 2020, the Group transferred its equity in Boxlight Corporation to the assets held for sale at the book value. Refer to Note 10 for details.
3. Information of fair value of an associate from open market quotation is as follows:

Company name	December 31, 2019
Boxlight Corporation	USD3,256 thousand (NTD97,615 thousand)

(2) Information of Individual Immaterial Associates

	2020	2019
Share enjoyed by the Group		
Net profit loss from continuing operations	$ 31,550	($103,825)
Other comprehensive income (loss)	(1,872)	(768)
Total comprehensive income (loss)	$ 29,678	($104,593)

The Group's share of the profits (or losses) and other comprehensive incomes (or losses) of its associates recognized by the Group in 2020 and 2019 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$123,809 thousand and NT$110,335 thousand respectively as of December 31, 2020 and 2019. The amount of investment gains recognized by the aforementioned investee companies using the equity method for the years ended on December 31, 2020 and 2019 was NT$13,315 thousand and NT$9,460 thousand respectively.

IVX. Property, Plant and Equipment

	December 31, 2020	December 31, 2019
Land	$ 102,994	$ 111,734
Building	374,603	399,161
Machinery equipment	405,407	428,785
Other equipment	142,543	179,136
Unfinished construction and equipment pending acceptance	105,828	70,861
	$ 1,131,375	$ 1,189,677

	Land	Building	Machinery equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
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)
Reclassification	-	-	27,487	(5,590)	(22,144)	(247)
Net exchange differences	(6,064)	1,414	3,784	1,277	(447)	(36)
Balance at December 31, 2020	$ 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)
Reclassification	-	-	(529)	477	-	(52)
Net exchange differences	-	1,847	1,749	733	-	4,329
Balance at December 31, 2020	$ 2,676	$ 639,217	$1,339,545	$ 477,037	$ -	$2,458,475
Net at January 1, 2020	$ 111,734	$ 399,161	$ 428,785	$ 179,136	$ 70,861	$1,189,677
Net at December 31, 2020	$ 102,994	$ 374,603	$ 405,407	$ 142,543	$ 105,828	$1,131,375
Cost						
Balance at January 1, 2019	$ 105,749	$1,022,191	$1,930,941	$ 626,571	$ 53,312	$3,738,764
Addition	-	3,901	46,050	16,485	48,404	114,840
Disposition	-	(8,545)	(164,936)	(14,275)	(13,468)	(201,224)
Acquisition of business combinations	-	-	12,079	33,402	14,995	60,476
Reclassification	-	8,094	10,033	22,899	(31,232)	9,794
Net exchange differences	5,985	(12,685)	(28,364)	(7,431)	(1,150)	(43,645)
Balance at December 31, 2019	$ 111,734	$1,012,956	$1,805,803	$ 677,651	$ 70,861	$3,679,005
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ -	$ 592,362	$1,452,230	$ 447,429	$ -	$2,492,021
Depreciation expense	-	33,602	101,291	48,508	-	183,401
Impairment loss	-	-	995	3,544	-	4,539
Disposition	-	(7,853)	(156,116)	(13,927)	-	(177,896)
Acquisition of business combinations	-	-	4,298	14,006	-	18,304
Reclassification	-	3,656	(4,678)	3,867	-	2,845
Net exchange differences	-	(7,972)	(21,002)	(4,912)	-	(33,886)
Balance at December 31, 2019	$ -	$ 613,795	$1,377,018	$ 498,515	$ -	$2,489,328
Net at December 31, 2019	$ 111,734	$ 399,161	$ 428,785	$ 179,136	$ 70,861	$1,189,677

(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 ~50years
House furnishings	2~10 years
Machinery equipment	2~15 years

(2) 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, 2020 and 2019 are detailed as follows:

	December 31, 2020	December 31, 2019
Land	$ 38,635	$ 40,826
House and building	154,614	165,249
	$ 193,249	$ 206,075

XV. Lease Agreement

(1) Right-of-use Assets

	December 31, 2020	December 31, 2019
Book amount of right-of-use assets		
Land	$ 155,490	$ 165,879
Building	89,676	65,677
Machinery equipment	10,907	13,165
Transportation equipment	7,507	4,938
	$ 263,580	$ 249,659

	2020	2019
Added Right-of-use assets	$ 69,312	$ 16,700
Expense of depreciation of right-of-use assets		
Land	$ 10,746	$ 10,967
Building	35,686	27,044
Machinery equipment	2,263	1,828
Transportation equipment	4,623	4,570
	$ 53,318	$ 44,409

(2) Lease Liabilities

	December 31, 2020	December 31, 2019
Book amount of lease liabilities		
Current	$ 51,244	$ 38,882
Non-current	$ 199,582	$ 195,155

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

	December 31, 2020	December 31, 2019
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%

(3) Other Lease Information

	2020	2019
Short-term lease expenses	$ 34,065	$ 24,909
Low-value asset lease expenses	$ 2,316	$ 250
Total cash outflow from leases	($ 93,288)	($ 71,577)

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.

XVI. Investment Property

	December 31, 2020	December 31, 2019
Investment property	$ -	$ -

	2020	2019
Cost		
Balance at January 1	$ -	$ 59,360
Reclassification	-	(8,094)
Disposition	-	(49,615)
Net exchange differences	-	(1,651)
Balance at December 31	$ -	$ -
Accumulated depreciation and impairment		
Balance at January 1	$ -	$ 7,823
Depreciation expense	-	2,447
Reclassification	-	(3,656)
Disposition	-	(6,401)
Net exchange differences	-	(213)
Balance at December 31	$ -	$ -

The aforementioned investment property was depreciated based on the following service lives on a straight-line basis.

House and building	20~50 years
House furnishings	10 years

XVII. Goodwill

	December 31, 2020	December 31, 2019
Cost		
Beginning balance	$ 85,752	$ -
Business combinations acquired in the year	-	85,752
Ending balance	$ 85,752	$ 85,752
Accumulated impairment loss		
Beginning balance	$ -	$ -
Ending balance	$ -	$ -
Net at the end of the year	$ 85,752	$ 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 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 15.3%. 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.

XVIII. Other Intangible Assets

	December 31, 2020	December 31, 2019
Book amount of each category		
Computer software cost	$ 3,257	$ 4,092
Expertise	41,415	44,373
	$ 44,672	$ 48,465

	2020	2019
Cost		
Balance at January 1	$ 66,296	$ 20,996
Acquisition for the year	1,235	1,078
Disposition for the year	(1,320)	(148)
Acquisition of business combinations	-	44,373
Net exchange differences	1	(3)
Balance at December 31	$ 66,212	$ 66,296

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	2020	2019
Accumulated amortization and impairment		
Balance at January 1	$ 17,831	$ 14,079
Amortization expense	5,028	3,903
Disposition for the year	(1,320)	(148)
Net exchange differences	1	(3)
Balance at December 31	$ 21,540	$ 17,831

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

Computer software	2~5 years
Expertise	15 years

XIX. Other Assets

	December 31, 2020	December 31, 2019
Tax overpaid retained for offsetting the future tax payable	$ 21,871	$ 19,677
Prepaid expenses and prepayments	66,348	66,769
Refundable deposits	33,030	40,918
Restricted assets (Note 6)	240,625	75,354
Others	34,986	37,629
	$ 396,860	$ 240,347
Current	$ 188,677	$ 162,723
Non-current	208,183	77,624
	$ 396,860	$ 240,347

XX. Borrowings

(1) Short-term Borrowings

	December 31, 2020		December 31, 2019	
	Interest rate	amount	Interest rate	amount
Credit loan	0.85%~1.60%	$ 500,000	0.95%~3.58%	$ 610,754
Loans payable for usance L/Cs	0.64%~1.52%	310,164	0.63%~2.84%	190,393
		$ 810,164		$ 801,147

K Laser was the guarantor for the credit loans of the Group as of December 31, 2020 and 2019. For part of the loans, Mr. Kuo Wei-Wu, Chairman of K Laser, and Mr. Kuo Wei-Pin, Director of K Laser, were joint guarantors.

(2) Short-term Notes and Bills Payable

	December 31, 2020	December 31, 2019
Commercial paper payable	$ 300,000	$ 170,000
Less: Discount on short-term notes and bills payable	(83)	(57)
	$ 299,917	$ 169,943

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

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 Corp.	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	

December 31, 2019

Guarantee/acceptance institution	Face value	Discount	Book amount	Interest rate range
Commercial paper payable				
Taiwan Finance Corp.	$ 50,000	$ 12	$ 49,988	0.988%
China Bills Finance Corp.	50,000	6	49,994	0.978%
Mega Bills Finance Corp.	50,000	16	49,984	0.978%
International Bills Finance Corp.	20,000	23	19,977	1.538%
	$ 170,000	$ 57	$ 169,943	

Mr. Kuo Wei-Wu, Chairman of K Laser, was a joint guarantor for the short-term notes and bills payable of the Group as of December 31, 2020 and 2019.

(3) Current Portion of Long-term Liabilities

	December 31, 2020	December 31, 2019
Current portion of long-term loans	$ 100,000	$ 10,000

(4) Long-term Borrowings

	December 31, 2020		December 31, 2019	
	Interest rate%	Amount	Interest rate%	Amount
<u>Guaranteed loans</u>				
Taipei Fubon Bank (Arranger of the syndicated loan) A mortgage loan for the period between December 2019 and December 2022, with interest to be paid every month, as a revolving loan allowing separate drawdowns, each of which shall not be more than 6 months after the previous drawdown	1.79	$ 400,000	1.79	$ 360,000
Taipei Fubon Bank (Arranger of the syndicated loan) A mortgage loan for the period between December 2019 and December 2022, with interest to be paid every season, as a revolving loan allowing separate drawdowns, each of which shall not be more than 6 months after the previous drawdown	0.66	400,000	0.79	360,000
<u>Loans without collateral</u>				
JihSun Bank A credit loan for the period between November 2018 and November 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 November 2020 with the maturity date in November 2022	1.20	100,000	1.35	50,000
JihSun Bank 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	-	-	1.80	50,000
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	0.99	80,000	1.15	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, and part of which was repaid early in January 2020	-	-	1.24	100,000
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	1.47	50,000	-	-

	December 31, 2020		December 31, 2019	
	Interest rate%	Amount	Interest rate%	Amount
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	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	1.22	100,000	1.35	50,000
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	1.30	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	1.23	50,000	-	-

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	December 31, 2020		December 31, 2019	
	Interest rate%	Amount	Interest rate%	Amount
Bank of Panshin A credit loan for the period between April 2018 and April 2020, with interest to be paid every month, and principal to be repaid averagely every season from the 13th month, which was extended for additional 2 years from June 2019 with the maturity date in June 2021	-	$ -	1.90	$ 20,000
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	1.30	20,000	-	-
Less: Current portion of long-term loans		(100,000)		(10,000)
		$ 1,250,000		$ 1,180,000

1. For enriching its working capital and repaying corporate bonds, the Group had Taipei Fubon Bank arrange a syndicated loan. The Group 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 drawdoans was NT$800,000 thousand and the balance of borrowed money was NT$800,000 thousand.
   (1) Current ratio (i.e. the ratio of current assets to current liabilities) shall not be less than 100%.
   (2) Debt ratio (i.e. the ratio of total liabilities less cash and cash equivalents to tangible net worth) shall not be more than 100%.
   (3) Times interest earned (i.e. the ratio obtained from net profit before tax plus interest expense, depreciation and amortization divided by interest expense) shall not be less than 300%.
   (4) Tangible net worth shall not be less than NT$ 2,600,000 thousand.
2. Mr. Kuo Wei-Wu, Chairman of K Laser, was a joint guarantor for the aforementioned long-term borrowings. Property, plant and equipment and investment property were mortgaged to Taipei Fubon Bank as a collateral for the syndicated loan.

XXI. Post-employment Benefit Plan

(1) Defined Contribution Plan

The retirement pension system provided in the Labor Pension Act, which is applicable to K Laser, Optivision Technology and Everest Display, 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, 2020 and 2019 by the Group at the specific percent provided in the defined contribution plan have been recognized as expenses in the amount of NT$13,187 thousand and NT$11,944 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, 2020	December 31, 2019
Present value of a defined benefit obligation	$ 44,619	$ 49,662
Fair value of plan assets	(25,731)	(24,164)
Net defined benefit liabilities	$ 18,888	$ 25,498

Chagnes 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, 2019	$ 44,878	($22,516)	$ 22,362
Service cost			
Current service cost	344	-	344
Interest expense (income)	444	(224)	220
Recognized in profit (loss)	788	(224)	564
Remeasurements			
Return on plan assets	-	(788)	(788)
Actuarial losses-Changes in demographic assumptions	729	-	729
Actuarial losses－Changes in financial assumptions	949	-	949
Actuarial losses－Experience adjustments	3,338	-	3,338
Recognized in other comprehensive income (loss)	5,016	(788)	4,228

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	Present value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Employer's contributions	$ -	($ 636)	($ 636)
Benefit payment	(1,020)	-	(1,020)
Balance at December 31, 2019	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

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

	2020	2019
By functions:		
Operating cost	$ 256	$ 198
Selling and marketing	97	69
General and administrative	253	223
R&D expense	70	74
	$ 676	$ 564

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 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 Group is calculated by a qualified actuary. Material assumptions on the measurement date are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.50%	0.75%
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, 2020	December 31, 2019
Discount rate		
Increased by 0.25%	($ 1,009)	($ 965)
Decreased by 0.25%	$ 1,049	$ 1,002
Expected rate of wage increments		
Increased by 0.25%	$ 1,016	$ 972
Decreased by 0.25%	($ 983)	($ 941)

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, 2020	December 31, 2019
Amount expected to be contributed in one year	$ 579	$ 630
Average expiration period of defined benefit obligations	11.5 years	9.46 years

XXII. Equity

(1) Capital Stock

Common Shares

	December 31, 2020	December 31, 2019
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)	159,325	159,325
Capital stock issued	$ 1,593,246	$ 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.

(2) Capital Reserve

	December 31, 2020	December 31, 2019
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	$ 454,275	$ 454,275
Transactions of treasury shares	28,216	14,901
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	69,189	46,220
Used to make good of losses only (2)		
Recognized changes in ownership interest in subsidiaries	33,667	29,976
Not used for any purpose		
Employee stock option	-	6,159
	$ 585,347	$ 551,531

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

K Laser resolved to amend its articles of incorporation at the shareholders' meeting on May 31, 2019. According to the amendment, earnings are distributed and losses are made good of at the end of each season and the board of directors is authorized, through special resolution, to distribute cash dividends and bonuses and report such distribution at the shareholders' meeting.

According to the earning distribution policy prepared by K Laser pursuant to the amended articles of incorporation, 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.

According to the earning distribution policy before K Laser amends its articles of incorporation, the earnings, if any, at the final settlement of each year, shall be first used to pay income tax and make good of accumulated loss. Then the 10% of the rest of the earnings is allocated as legal reserve. Special reserve is allocated under current earnings in accordance with regulations or relevant requirements and then is reversed before being listed in the earnings to be allocated. Then the board of directors prepares and submits the proposal of distribution to the shareholders' meeting for resolution. For allocation of employees' and directors' remunerations in accordance with the amended articles of incorporation, refer to Note 23.

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 31, 2019 and adopted the resolution of earning distribution for the year 2018 as follows:

	Earning distribution	Dividend per share (NTD)
	2018	2018
Legal reserve	$ 6,583	$ -
Special reserve	38,226	-
Cash dividends	62,043	0.41

K Laser held a general meeting of shareholders on May 28, 2020 and resolved that no distribution was granted because it had a loss for the year 2019.

K Laser presented at the board meeting held on March 23, 2021 the proposal of earning distribution for the year 2020 as follows:

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

The proposal of earning distribution for the year 2020 will be resolved at the shareholders' meeting to be held on May 28, 2021.

(4) Other Equity

1. Exchange differences on translation of foreign financial statements:

	2020	2019
Beginning balance	($ 278,472)	($ 195,571)
Exchange differences arising on translating net assets of foreign operations	(7,002)	(82,211)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(1,872)	(768)
Disposal of partial equity in subsidiaries	261	78
Ending balance	($ 287,085)	($ 278,472)

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

	2020	2019
Beginning balance	($33,033)	($5,574)
Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	1,632	(27,690)
Disposal of partial equity in subsidiaries	998	231
Ending balance	($30,403)	($33,033)

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).

(5) Treasury Shares

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

Unit: Share

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

2019

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	6,714,000	1,286,000	(2,000,000)	6,000,000
Shares of the parent company possessed by subsidiaries	-	2,750,000	-	2,750,000
	6,714,000	4,036,000	(2,000,000)	8,750,000

2. Insight Medical Solutions Inc., a subsidiary of K Laser, held the Company's shares on the balance sheet date. Relevant information is as follows:

December 31, 2019

Name of subsidiary	Number of shares (Share)	Amount transferred as treasury shares	Market price per share on December 31, 2019 (NTD)
Insight Medical Solutions Inc.	2,750,000	$ 22,785	$ 19.10

The aforementioned amount transferred as treasury shares from the Company's shares held by Insight Medical Solutions Inc. has been adjusted at the ratio of the shares of Insight Medical Solutions Inc. held by the Company.

3. 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.

(6) Non-controlling Interests

	2020	2019
Beginning balance	$ 842,432	$ 701,404
Share attributed to non-controlling interests		
Profit (loss) for the year	46,730	(38,874)
Exchange differences on translation of foreign financial statements	(2,184)	(6,027)
Unrealized gains (losses) on financial assets at FVTOCI	10,985	2,927
Addition for the year	475,815	-
Acquisition through business combinations	-	225,859
Disposal of partial equity in subsidiaries	44,925	10,455
Purchase of non-controlling interests of subsidiaries	(14,033)	(9,084)
Dividends distributed by subsidiaries	(6,689)	(17,192)
Refund of shares for increases in capital stocks of subsidiaries	-	(589)
Shares of the parent company sold (possessed) by subsidiaries	26,390	(28,503)
Others	403	2,056
Ending balance	$ 1,424,774	$ 842,432

XXIII. Net Profit of Continuing Operations

Employee Benefit Expense and Depreciation and Amortization Expenses

	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	24,420	1,715	53,318
	$ 137,141	$ 91,257	$ 3,176	$ 231,574
Amortization expense	$ 214	$ 4,814	$ -	$ 5,028

	2019			
	Operating cost	Operating expenses	Non-operating expenses and losses	Total
Short-term employee benefits	$ 369,728	$ 410,513	$ -	$ 780,241
Post-employment benefits	$ 6,346	$ 6,162	$ -	$ 12,508
Other employee benefits	$ 8,580	$ 17,638	$ -	$ 26,218
Depreciation expense				
Depreciation of property, plant and equipment	$ 127,498	$ 52,494	$ 3,409	$ 183,401
Depreciation of right-of-use assets	26,572	15,983	1,854	44,409
Depreciation of investment property	-	-	2,447	2,447
	$ 154,070	$ 68,477	$ 7,710	$ 230,257
Amortization expense	$ 220	$ 3,683	$ -	$ 3,903

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 employees' remuneration and directors' remuneration estimated for the year 2020 are resolved at the board meeting on March 23, 2021 as follows:

Estimated Percentage

	2020
Employees' remuneration	8%
Directors' remuneration	2%

Amounts

	2020	
	Cash	Stock
Employees' remuneration	$ 13,370	$ -
Directors' remuneration	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.

Neither employees' remuneration nor directors' remuneration is allocated due to a loss suffered for the year 2019. The employees' remuneration and directors' remuneration for the year 2018 were resolved at the board meeting on March 26, 2019 as follows:

	2018	
	Cash	Stock
Employees' remuneration	$ 6,560	$ -
Directors' remuneration	1,640	-

There is no difference between the actually distributed amount of the employees' remuneration and directors' remuneration for the year 2018 and the corresponding amount recognized in the consolidated financial report of the year 2018.

For information of the employees' remuneration and directors' remuneration resolved by the board of directors of K Laser, please check at the market observatory post system of Taiwan Stock Exchange.

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:

	2020	2019
Current income tax		
Incurred for the current year	$ 47,949	$ 53,519
Adjustment of the previous year	(13,373)	(12,184)
Others	(10)	-
Deferred income tax		
Incurred for the current year	6,396	1,982
Income tax expense recognized in profit or loss	$ 40,962	$ 43,317

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

	2020	2019
Profit (loss) before tax of continuing operations	$ 232,101	($115,392)
Income tax expense computed based on the net profit before tax at the legal tax rate	$ 104,233	($9,716)

	2020	2019
Investment (gain) loss recognized by using the equity method	(40,425)	33,650
Dividend income from foreign investments	52,100	15,800
Gains on disposals of domestic equity investments	(500)	(9,100)
Reduction of investee companies' capital to cover losses	(25,500)	-
Less withholding tax on dividend income	(17,900)	-
Deferred tax assets not recognized for the previous year but used for the current year	(3,978)	(2,335)
Loss carryforwards not recognized	-	29,687
Used loss carryforwards not recognized for the previous year	(19,989)	-
Current adjustment of the income tax expense of the previous year	(13,373)	(12,184)
Others	6,294	(2,485)
Income tax expense recognized in profit (loss)	$ 40,962	$ 43,317

(2) Current Tax Assets and Liabilities

	December 31, 2020	December 31, 2019
Current tax assets		
Tax refund receivable	$ 7,552	$ 11,512
Current tax liabilities		
Income tax payable	$ 13,559	$ 22,463

(3) Deferred Tax Assets and Liabilities

	December 31, 2020	December 31, 2019
Deferred tax assets		
Temporary difference	$ 15,094	$ 13,587
Loss carryforwards	6,000	14,300
Deferred tax assets	$ 21,094	$ 27,887

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

Balance not carried forward	Last year for crryforward
$ 61,006	2022
4,634	2023
2,620	2026
26,045	2029
$ 94,305	

(5) Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by K Laser as of 2018 (inclusive) have been assessed by the tax authority.

XXV. Earning (Loss) Per Share

Both the numerator and the denominator used to calculate earnings (loss) per share are disclosed as follows:

	2020			2019		
	Amount (Numerator)		Earnings per share (NTD)	Amount (Numerator)		Loss per share (NTD)
	Attributed to shareholders of the Company; after tax	Number of shares (Thousand Shares) (Denominator)	Attributed to shareholders of the Company; after tax	Attributed to shareholders of the Company; after tax	Number of shares (Thousand Shares) (Denominator)	Attributed to shareholders of the Company; after tax
Basic earnings per share						
Current net profit (loss) attributed to shareholders of common shares	$ 144,409	150,947	$ 0.96	($119,835)	152,102	($ 0.79)
Impact of potential common shares with dilutive effect						
Employees' remuneration	-	686				
Diluted earnings per share						

	2020			2019		
	Amount (Numerator)		Earnings per share (NTD)	Amount (Numerator)		Loss per share (NTD)
	Attributed to shareholders of the Company; after tax	Number of shares (Thousand Shares) (Denominator)	Attributed to shareholders of the Company; after tax	Attributed to shareholders of the Company; after tax	Number of shares (Thousand Shares) (Denominator)	Attributed to shareholders of the Company; after tax
Current net profit attributed to shareholders of common shares	$ 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 sharehodlers' meeting in the next year, the Company shall continue to consider dilutive effect of the potential common shares.

XXVI. Share-based Payment Arrangement

(1) The Company resolved in August 2019 and December 2019 to transfer 2,000 thousand treasury shares and 2,905 thousand treasury shares respectively at NT$16 and NT$17 per share to employees, including the employees of the Company and its subsidiaries who have satisfied certain conditions. Among the shares, 2,905 thousand shares were however given in January 2020.

The treasury shares transferred by the Company to employees in August and December 2019 were evaluated base on the Black-Scholes model. The input values used in the evaluation model are as follows:

	August 2019	December 2019
Stock price on grant date	NT$23.10	NT$19.05
Exercise price	NT$16.00	NT$17.00
Expected ratio of stock price fluctuation	37.47%	43.21%
Expected duration	0 year	0 year
Risk-free interest rate	0.43%	0.49%

The remuneration cost recognized for the year 2019 was NT$20,359 thousand.

(2) 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, 2020, the outstanding employee stock warrants could be used to subscribe for 412 thousand units at the subscription price NT$20.2.

Information relevant to employee stock options is as follows:

Employee stock option	2020 Number of shares available for subscription (Thousand shares)	2020 Weighted average exercise price (NTD)	2019 Number of shares available for subscription (Thousand shares)	2019 Weighted average exercise price (NTD)
Outstanding at the beginning of the year	828	$20.7	933	$20.7
Given for the year	(311)	20.2~20.7	-	-
Expired for the year	(105)	20.7	(105)	20.7
Outstanding at the end of the year	412	20.2	828	20.7
Exercisable at the end of the year	362	20.2	-	-

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

	December 31, 2020	December 31, 2019
Range of exercise prices (NTD)	$20.2	$20.7
Weighted average remaining term of the contract (year)	3.35 year	4.42 year

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, 2020 and 2019 was NT$1,081 thousand and NT$2,643 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 fluctuation	Expected duration	Expected dividend rate	Risk-free interest rate	Fair value per share (NTD)
$74.3	$70	70.98%	7日	0.00%	0.19%	$5.48

XXVII. Business Combinations

(1) The Group participated in a seasoned equity offering of Insight Medical, an associate accounted for using the equity method, on December 23, 2019. After the seasoned equity offering, the Group has possessed 44% of equity of Insight Medical and has had control over it.

Transfer Pricing

	Amount
Cash	$ 114,441
Fair value of the shares possessed originally	150,172
	$ 264,613

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

	Insight Medical
Current assets	

	Insight Medical
Cash	$ 256,801
Financial assets at fair value through profit or loss	51,288
Trade receivables and notes receivable	165
Other receivables	55
Inventories	12,352
Other current assets	7,871
Non-current assets	
Fixed assets	42,173
Financial assets at fair value through other comprehensive income	1,249
Intangible assets	44,373
Other non-current assets	8,152
Current liabilities	
Short-term borrowings	(10,000)
Trade payables and notes payable	(736)
Other payables	(8,869)
Other current liabilities	(154)
Ending balance	$ 404,720

(3) Non-controlling Interests

Non-controlling interests of Insight Medical were measured at the fair value of the non-controlling interests on the acquisition date, that is to say, NT$225,859 thousand. The fair value was estimated by using the identifiable net asset approach on the acquisition date.

(4) Goodwill Generated from Acquisition

	Insight Medical
Transfer pricing	$ 264,613
Add: Non-controlling interests	225,859
Less: Fair value of identifiable net assets available	(404,720)
Provisional amount of goodwill generate from acquisition	$ 85,752

The goodwill generated from business combinations is not expected to be a deduction for the purpose of taxation.

(5) Net Cash Inflow from Acquisition of Subsidiaries

	Insight Medical
Balance of cash from acquisition of subsidiaries	$ 256,801
Less: Consideration paid in cash	(114,441)

	Insight Medical
	$ 142,360

IIXIII. 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.

XXIX. 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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 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
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 118,244	$ 118,244

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 201,777	$ -	$ -	$ 201,777
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
－Foreign common shares not listed (OTC)	$ -	$ -	$ 64,536	$ 64,536
－Domestic common shares not listed (OTC)	-	-	37,930	37,930
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 102,466	$ 102,466

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.

(3) Type of Financial Instrument

	December 31, 2020	December 31, 2019
Financial assets		
At amortized cost		
Cash and cash equivalents	$ 2,629,811	$ 1,588,179
Notes receivable and trade receivables (including those from related parties)	1,561,818	1,489,549
Other receivables	58,048	36,358
Refundable deposits	33,030	40,918
Restricted assets (current & non-current)	240,625	75,354
Financial assets at fair value through profit or loss－current	27,150	201,777
Financial assets at fair value through other comprehensive income－non-current	118,244	102,466
Financial liabilities		
At amortized cost		
Short-term borrowings	810,164	801,147
Short-term notes and bills payable	299,917	169,943
Notes payable and trade payables (including those to related parties)	808,053	649,881
Other payables (including those to related parties)	417,650	379,677
Long-term borrowings (including current portion thereof)	1,350,000	1,190,000

(4) Purpose and Policy of Financial Risk Management

Main financial instruments of the Group include equity investments, trade receivables, other receivables, refundable deposits, trade payables, short-term notes and bills payable, other payables and loans. 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	
	2020	2019	2020	2019	2020	2019
Effect on profit and loss	$9,072	$9,121	($ 2,131)	($ 1,324)	$7,354	$5,170

(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, 2020	December 31, 2019
With cash flow interest rate risk		
Financial assets	$ 105,698	$ 67,317
Financial liabilities	1,439,085	1,401,905

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$13,334 thousand and by NT$13,346 thousand respectively for the years ended December 31, 2020 and 2019.

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, 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	Over 10 years
Lease liabilities	$ 96,119	$ 65,174	$ 57,463	$ 38,556

	December 31, 2019			
	Less than 1 year	2～3 years	Over 3 years	Total
Non-derivative financial liabilities				
Liabilities without interest	$ 1,029,558	$ -	$ -	$ 1,029,558
Lease liabilities	43,584	32,429	181,189	257,202
Floating rate liabilities	231,905	1,170,000	-	1,401,905
Fixed rate liabilities	749,185	10,000	-	759,185
	$ 2,054,232	$ 1,212,429	$ 181,189	$ 3,447,850

	Less than 3 years	3～5 years	5～10 years	Over 10 years
Lease liabilities	$ 76,013	$ 72,239	$ 59,137	$ 49,813

(2) Line of credit

	December 31, 2020	December 31, 2019
Unsecured bank loan commitment		
-Used in the credit line	$ 1,960,164	$ 1,591,147
-Unused in the credit line	786,676	1,277,813
	$ 2,746,840	$ 2,868,960
Secured bank loan commitment		
－Used in the credit line	$ 800,000	$ 720,000
－Unused in the credit line	-	80,000
	$ 800,000	$ 800,000

XXX. Transactions with Related Parties

Transactions, account balances, incomes and expenses among K Laser and its 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.	One of other related parties (as Chairman of Optivision Technology Inc., a subsidiary of the Group, is a director of its parent company)
Hunan Heshuo Packaging Materials Co., Ltd.	One of other related parties
Insight Medical Solutions Inc.	An associate evaluated by using the equity method (which has become a subsidiary of the Group since December 23, 2019)
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	An associate evaluated by using the equity method
JiangSu Sunderray Laser Packing Material Co., Ltd.	An associate evaluated by using the equity method
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

	2020	2019
Sale		
Other related parties		
Dongguan City Guangzhi Photoelectric	$ 1,205,671	$ 785,215
Associates	9,916	31,067
	$ 1,215,587	$ 816,282
Purchase		
Other related parties	$ 5,041	$ -
Associates	198,376	134,379
	$ 203,417	$ 134,379
Manufacturing expenses		
Associates	$ 10,301	$ 10,423
Operating expenses		
Associates	$ 3,033	$ 3,376
Interest income		
Associates		
Hanns Touch Solution Inc.	$ 913	$ 1,190
Other incomes		
Associates		
Insight Medical	$ -	$ 4,424
Others	592	1,410
	$ 592	$ 5,834

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, 2020	December 31, 2019
Trade receivables from related parties		
Other related parties		
Dongguan City Guangzhi Photoelectric	$ 676,582	$ 468,848
Associates	61,124	156,482
	737,706	625,330
Less: Loss allowance	(67,300)	(151,678)
	$ 670,406	$ 473,652

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(Brought forward from previous page)

	December 31, 2020	December 31, 2019
Notes payable and trade payables to related parties		
Other related parties	$ 1,574	$ -
Associates		
JiangSu Sunderray	40,489	48,168
Others	1,472	300
	$ 43,535	$ 48,468
Other receivables (not including loans)		
Other related parties	$ 58	$ -
Associates		
Apportonics (Wuxi)	844	-
Others	-	110
	$ 902	$ 110
Other payables		
Associates		
Hanns Touch Solution Inc.	$ 1,728	$ -
Others	25	12,054
	$ 1,753	$ 12,054

There is no material difference between the transaction terms provided for the related parties and those provided for general customers.

(4) Financing

The Group loaned funds to related parties in the years ended December 31, 2020 and 2019 as follows:

	2020		2019	
Name of related party	Maximum balance	Ending balance of drawdown	Maximum balance	Ending balance of drawdown
Associates -Hanns Touch Solution Inc.	$ 41,078	$ 28,451	$ 46,030	$ 34,440

(5) 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, 2020	December 31, 2019
Main managements	Short-term borrowings	$810,164	$801,147
	Commercial paper payable	299,917	169,943

Name of related party	Nature of joint guarantee	December 31, 2020	December 31, 2019
	Long-term borrowings	1,350,000	1,190,000
		$ 2,460,081	$ 2,161,090

(6) Benefits and Remunerations to Main Managements

The benefits and remunerations given by the Group to its directors and main managements for the years ended December 31, 2020 and 2019 respectively are as follows:

	2020	2019
Short-term employee benefits	$ 25,302	$ 26,370
Post-employment benefits	$ 6,450	$ -

The remunerations to directors and main managements are determined by the remuneration committee based on individual performance and market trends.

XXXI. 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, 2020	December 31, 2019
Bank deposits	$ 240,625	$ 75,354
Property, plant and equipment	193,249	206,075
	$ 433,874	$ 281,429

XXXII. Material Commitments and Contingent Liabilities

The endorsements and guarantees provided by the Group for others are detailed as follows:

Unit: Per thousand in foreign currency / NT dollars

	December 31, 2020	December 31, 2019
Everest Display Inc.		
Guaranteed amount	NTD -	NTD 480,000
Drawdown amount	NTD -	NTD 405,036

XXXIII. Material Subsequent Events

K Laser expects to issue 6,000 units on March 24, 2021 with par value NT$100 thousand. As for the guaranteed 5-year ordinary corporate bonds in NTD with the coupon rate 0%, the total principal is NT$600,000 thousand.

XXXIV. Other Matters

Impacted by the Covid-19 pandemic, the Group was required to take corresponding measures by local government agencies and some factories were postponed to resume operation; fortunately, the operating revenue of the Group has not been significantly impacted. As the pandemic has mitigated, the business operation of the Group has gradually returned to normal.

To respond to the impact of the pandemic, the Group has taken the following actions:

Government Relief Measures

The Group applied for salary subsidies in succession from the government and was granted the funds amounting to NT$11,714 thousand.

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 / NT dollars

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary item						
USD	$ 44,605	28.48	$ 1,270,350	$ 44,974	29.98	$ 1,348,321
JPY	54	0.2763	15	643	0.276	177
CNY	175,151	4.377	766,636	128,954	4.305	555,147
Long-term equity investments accounted for using the equity method						
USD	7,106	28.48	202,389	7,596	29.98	227,736
Financial liabilities						
Monetary item						
USD	12,750	28.48	363,120	14,552	29.98	436,269
JPY	771,150	0.2763	213,069	480,406	0.276	132,592
CNY	7,135	4.377	31,230	8,863	4.305	38,155

XXXVI. Disclosures in the Notes

(1) Material Transactions and Reinvestment-related Information:

No.	Item	Explanation
1	Funds lent to others: Schedule 1	Schedule 1
2	Enforcement and guarantee for others	Schedule 2
3	Negotiable securities held at the end of the year (not including investments in subsidiaries, associates and joint ventures)	Schedule 3
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	Schedule 4
8	Receivables from related parties up to NT$100 million or 20% of the paid-in capital	Schedule 5
9	Transactions of derivatives	None
10	Others: Business relationship between the parent company and subsidiaries, and between subsidiaries, and important transactions among them and transaction amounts	Schedule 8
11	Information of reinvestee companies	Schedule 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	Schedule 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	Schedule 7

(3) Information of Main Sharehodlers:

Name of Shareholder Holding Over 5% of Equity, Number of Shares Held and Ratio of Shareholding (Schedule 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 －Wuxi K Laser Laser Technology Co., Ltd.
－Dongguan K Laser Technology Co., Ltd.
－K Laser Technology (Hong Kong) Co., Ltd.
－Hunan Herui Laser Technology Co., Ltd.
－Ningpo Optivision Optical Technology Co., Ltd.
－Glory Group Medical (Wuxi) 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, 2020 and 2019 is listed as follows:

	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

	2019				
	China	Other regions of Asia	Others	Adjustment and write-off	Total
Operating revenue	$ 3,026,574	$ 2,817,835	$ 954,144	($1,599,531)	$ 5,199,022
Operating cost	2,347,284	2,469,910	799,973	(1,602,305)	4,014,862
Gross profit	679,290	347,925	154,171	2,774	1,184,160
Operating expenses	408,616	625,065	140,992	(21,531)	1,153,142
Operating income	270,674	(277,140)	13,179	24,305	31,018
Interest income	7,838	4,791	1,242	-	13,871
Interest expense	418	38,354	2,046	(184)	40,634
Other incomes and (expenses and losses)	(60,551)	(109,638)	321,271	(270,729)	(119,647)
Net loss before tax	$ 217,543	($420,341)	$ 333,646	($246,240)	($115,392

Transactions made among segments for the years ended December 2020 and 2019 have been written off.

(2) Segment Assets

	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

	December 31, 2019				
	China	Other regions of Asia	Others	Adjustment and write-off	Total
Cash and cash equivalents	$ 569,092	$ 865,114	$ 153,973	$ -	$ 1,588,179
Notes receivable and trade receivables	818,362	911,133	99,513	(339,459)	1,489,549
Inventories	437,720	294,016	218,693	(35,603)	914,826
Other current assets	346,024	156,296	13,807	(103,757)	412,370
Total current assets	2,171,198	2,226,559	485,986	(478,819)	4,404,924
Funds and investments	453,849	3,601,662	4,965,505	(8,318,540)	702,476
Fixed assets	447,116	663,183	30,133	49,245	1,189,677
Intangible assets	-	4,092	-	130,125	134,217
Other assets	45,678	318,941	57,655	(67,104)	355,170
Total assets	$ 3,117,841	$ 6,814,437	$ 5,539,279	($8,685,093)	$ 6,786,464

(3) Information of Main Customers

The customers from each of which the income reached more than 10% of the total income of the Group are as follows:

	2020		2019	
Name of customer	Amount	%	Amount	%
Dongguan City Guangzhi Photoelectric	$ 1,205,671	19	$ 785,215	15

K Laser Technology Inc. and its Subsidiaries

Funds of the Company and Reinvestee Companies to Other Entities

From January 1 to December 31, 2020

Schedule 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			
0	K Laser Technology Inc.	Everest Display Inc.	Other receivables	Yes	$ 60,000	$ -	$ -	-	2	$ -	Capital turnover	$ -	No	No	$ -	$ -	(Note4)
1	Dongguan K Laser Technology Co., Ltd.	Hunan Hexin Packaging Materials Co., Ltd.	Other receivables	Yes	41,078 (RMB 9,500)	35,016 (RMB 8,000)	28,451 (RMB 6,500)	3.85%	2	-	Capital turnover	-	No	No	393,516 (RMB 89,905)	393,516 (RMB 89,905)	

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).

Note 4: The Company conducted a short-form merger with Everest Display on June 30, 2020

K Laser Technology Inc. and its Subsidiaries
Endorsement and Guarantee for Other Entities
From January 1 to December 31, 2020

Schedule 2

Unit: In Thousands of New Taiwan Dollars／Thousands in Foreign Currency:

No. (Note 1)	Name of company providing endorsement and guarantee	Entity for which endorsement and guarantee are provided		Limit of endorsement and guarantee provided for a single enterprise (Note 3)	Maximum balance of endorsement and guarantee for the year	Ending balance of endorsement and guarantee	Drawdown	Amount of endorsement and guarantee secured by property	Ratio of accumulated endorsement and guarantee to the net worth indicated in the latest financial statements (%)	Maximum limit of endorsement and guarantee (Note 3)	Endorsement and guarantee provided by the parent company to a subsidiary	Endorsement and guarantee provided by a subsidiary for the parent company	Endorsement and guarantee provided for an entity in Mainland China	Remark
		Company name	Relation (Note 2)											
0	K Laser Technology Inc.	Everest Display Inc.	3	$ -	$ 480,000	$ -	$ -	$ -	-	$ -	Yes	No	No	(Note 5)

Note 1: Information of endorsements and guarantees provided by the Company and its subsidiaries 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: There are 6 types of relations between the Company and the entity for which endorsement and guarantee are provided. These types are stated as follows:

(1) An entity that has business with the Company

(2) A subsidiary when the Company holds more than 50% of its common shares directly

(3) A investee company when the parent company and its subsidiaries hold more than 50% of its common shares

(4) A parent company that holds more than 50% of common shares of the company directly or through its subsidiaries

(5) Companies provided guarantees for each other in accordance with a contract for the need of contracting for work

(6) A company for which shareholders, for the purpose of mutual investment, provide endorsement and guarantee at the rate of their respective shareholdings

Note 3: Limits and types of the endorsements and guarantees provided by the Company and its subsidiaries are as follows:

(1) As provided in the Company’s regulations of endorsement and guarantee, the maximum limit of endorsement and guarantee shall be limited to 40% of the Company’s net worth indicated in its latest financial statements, and the limit of endorsement and guarantee provided for a single enterprise shall not exceed 20% of the Company’s net worth indicated in its latest financial statements.

(2) As provided in the Company’s procedure for a subsidiary to loan funds to other entities and provide endorsement and guarantee, the total liabilities assumed by a Group company (subsidiary) for endorsement and guarantee shall not exceed 40% of the net worth of the Group company (subsidiary) indicated in its latest financial statements, and the endorsement and guarantee provided for a single enterprise shall not exceed 20% of the net worth of the Group company (subsidiary) indicated in its latest financial statements.

(3) The funds loaned to a company or firm that has business with a Group company shall be limited to the amount of business between both parties. The so-called business refers to purchase from or sale to each other, whichever is higher.

Note 4: For the amount actually appropriated, please refer to Note 32.

Note 5: The Company conducted a short-form merger with Everest Display on June 30, 2020.

K Laser Technology Inc. and its Subsidiaries

Marketable Securities Held at the End of the Year

December 31, 2020

Schedule 3

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 other comprehensive income － Non-current	138,000	459	-	459	
	China Development Biotechnology Co., Ltd.	None	Financial assets at fair value through other comprehensive income － Non-current	3,000,000	32,457	2	32,457	
	Mega Plastic Industry Co., Ltd.	None	Financial assets at fair value through other comprehensive income － Non-current	150,000	2,068	15	2,068	
Insight Medical Solutions Inc.	Aether Precision Technology Inc.	None	Financial assets at fair value through other comprehensive income－ Non-current	240,000	1,249	10	1,249	
Bright Triumph Limited	Guangcan Optoelectronic (Cayman) Holding Company	None	Financial assets at fair value through other comprehensive income － Non-current	625,000	73,090	18	73,090	
Dongguan K Laser Technology Co., Ltd.	Shenzhen City Zhenhuajia Environmental Energy Co., Ltd.	None	Financial assets at fair value through other comprehensive income － Non-current	1,900,000	8,921	19	8,921	
	Funds							
K Laser Technology Inc.	Jih Sun Asian High Yield Bond Fund	None	Financial assets at fair value through profit or loss－Current	417,526	5,265	-	5,265	
Dongguan K Laser Technology Co., Ltd.	Qianyuan Rixinyueyi Open-end Financial Investment Product with China Construction Bank	None	Financial assets at fair value through profit or loss－Current	-	21,885	-	21,885	

Note 1: For information of investments in subsidiaries and associates, please refer to Schedule 6 and Schedule 7.

K Laser Technology Inc. and its 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, 2020

Schedule 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 Zhiguang Photoelectric Co., Ltd.	One of other related parties	Sale	$ 1,185,685	68	120 days after monthly settlement; cash to be received in the next month	N/A	N/A	$ 670,247	73	
Optivision Technology Inc.	Ningpo Optivision Optical Technology Co., Ltd.	A subsidiary	Sale	233,531	13	120 days after monthly settlement; cash to be received in the next month	N/A	N/A	117,915	13	
K Laser Technology Inc.	Dongguan K Laser Technology Co., Ltd.	A sub-subsidiary of which 100% of shares are held by the Company	Purchase	(323,921)	56	60 days after monthly settlement; cash to be received	N/A	N/A	(55,467)	50	
K Laser Technology Inc.	K Laser Technology (USA) Co., Ltd.	A sub-subsidiary of which 75% of shares are held by the Company	Sale	363,030	45	90 days after monthly settlement; cash to be received	N/A	N/A	80,078	31	
Wuxi K Laser Laser Technology Co., Ltd.	K Laser Technology (Hong Kong) Co., Ltd.	A sister company	Sale	RMB 33,289	28	60 days after monthly settlement; cash to be received	N/A	N/A	RMB 5,732	16	

K Laser Technology Inc. and its Subsidiaries
Receivables from Related Parties Amounting to Over NT$100 Million or 20% of Paid-in Capital
From January 1 to December 31, 2020

Schedule 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 Zhiguang Photoelectric Co., Ltd.	One of other related parties	Trade receivables $ 670,247	2.09	-	-	$ 302,031	$ 6,250
Optivision Technology Inc.	Ningpo Optivision Optical Technology Co., Ltd.	A subsidiary	Trade receivables 117,915	2.11	-	-	48,828	-

K Laser Technology Inc. and its Subsidiaries
Information of Reinvestee Companies, their Locations, etc.
From January 1 to December 31, 2020

Schedule 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	$ 2,065,995	$ 166,207	$ 140,939	
〃	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment in companies	703,856	703,856	20,361,462	100	671,315	21,845	21,845	
〃	Optivision Technology Inc.	Hsinchu City	Production and sale of optical instruments and electronic parts and components	514,219	300,229	24,311,835	41	664,562	130,960	58,437	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	97,372	97,372	157,545	49	18,359	2,204	1,456	
〃	Vicome Corp.	Yunlin County	Manufacturing, processing, purchase and sale of fluorescent pigments and dyes	35,494	26,489	3,021,420	30	123,089	40,276	13,315	
〃	Everest Display Inc.	Hsinchu City	Production and sale of optical instruments and wireless communication mechanical equipment	-	406,056	-	-	-	-	-	Note 1
〃	Insight Medical Solutions Inc.	Hsinchu City	Research, development and sale of endoscopes used in gastrointestinal tracts	269,813	264,613	8,995,264	45	224,334	(97,699)	(38,741)	
〃	Everest International Co., Ltd.	Samoa	Reinvestment in companies	217,125	-	6,820,810	100	39,960	13,966	14,883	Note 1
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	USA	Sale of holographic products	USD 6,500	USD 6,500	6,500,000	80	USD 6,005	USD 1,210	USD 965	
〃	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacturing and sale of holographic products	USD 1,801	USD 1,801	9,277,984	83	USD 8,983	USD 626	USD 518	
〃	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacturing and sale of holographic products	USD 2,946	USD 2,946	677,040	100	USD 1,867	(USD 282)	(USD 282)	
〃	K Laser IMEA Co., Ltd.	Mauritius	Reinvestment in companies	USD 2,600	USD 2,600	2,600,390	100	USD 516	(USD 966)	(USD 966)	
〃	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	As an agent and sale of holographic products	USD 1,094	USD 1,094	-	100	USD 2,085	USD 258	USD 258	
〃	K Laser Technology Japan Co., Ltd.	Japan	Manufacturing and sale of holographic products	USD 830	USD 830	1,344	70	USD 2,940	USD 105	USD 73	
〃	Guangfeng Optoelectronics (Wuxi) Co., Ltd.	China	Production and sale of optical instruments	USD 1,503	USD 1,503	7,142,857	17	USD 647	USD 215	USD 37	
〃	Boxlight Corporation	USA	Production and sale of optical instruments	-	USD 2,005	-	-	USD -	USD -	USD -	
〃	CIO Tech Ltd.	Cayman Islands	Reinvestment in companies	USD 750	USD 750	11,000,000	24	USD 607	(USD 471)	(USD 104)	
K Laser Technology (Thailand) Co., Ltd.	K Laser Technology(Indonesia) Co., Ltd.	Indonesia	Manufacturing and sale of holographic products	THB 21,168	THB 21,168	266,000	70	THB 20,380	THB 274	THB 192	
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Cayman Islands	Reinvestment in companies	RMB 180,503	RMB 180,503	89,096,401	100	RMB 483,465	RMB 39,163	RMB 39,008	
〃	Holoprint Co., Ltd.	British Virgin Islands	Reinvestment in companies	RMB 1	RMB 1	1	100	RMB -	RMB -	RMB -	
K Laser China Group Holding Co., Limited	K Laser Technology (Hong Kong) Co., Ltd.	Hong Kong	As an agent to sell holographic products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 3,876	RMB 578	RMB 578	
〃	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment in companies	RMB 72,440	RMB 72,440	30,000	100	RMB 232,865	RMB 7,812	RMB 7,852	
〃	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment in companies	RMB 130,106	RMB 130,106	50,000	100	RMB 225,689	RMB 31,414	RMB 31,289	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	RMB 20,825	RMB 20,825	163,975	51	RMB 4,366	RMB 516	RMB 263	
Holomagic Co., Ltd.	Treasure Access Limited	Hong Kong	Reinvestment in companies	RMB 29,243	RMB 29,243	10,000	100	RMB 230,451	RMB 8,085	RMB 8,085	

(Continued on next page)

(Brought forward from previous page)

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			
Top Band Investment Ltd.	Union Bloom Co., Ltd.	Hong Kong	Reinvestment in companies	RMB 113,329	RMB 113,329	10,000	100	RMB 221,681	RMB 31,077	RMB 31,077	
K Laser IMEA Co., Ltd.	Amagic Holographics India Private Limited	India	Manufacturing and sale of holographic products	USD 2,508	USD 2,508	10,915,594	100	USD 463	(USD 963)	(USD 963)	
iWin Technology Co., Ltd.	Finity Laboratories	USA	Research and development of holography	USD 700	USD 700	700,000	100	USD 1,170	USD 76	USD 76	
Treasure Access Limited	Wuxi K Laser Laser Technology Co., Ltd.	China	Manufacturing and sale of holographic products	RMB 44,156	RMB 44,156	-	100	RMB 148,100	RMB 5,317	RMB 5,317	
〃	Hunan Herui Laser Technology Co., Ltd.	China	Research, development and production of new environmentally-friendly packaging materials and anti-counterfeit products	RMB 21,952	RMB 21,952	-	49	RMB 37,528	RMB 9,664	RMB 4,735	
〃	JiangSu Sunderray Laser Packing Material Co., Ltd.	China	Production of specific film coating, decorative films, and environmentally friendly transfer paper	RMB 26,600	RMB 26,600	26,600,000	33	RMB 36,207	RMB 5,032	RMB 1,654	
Union Bloom Co., Ltd.	Dongguan K Laser Technology Co., Ltd.	China	Manufacturing and sale of holographic products	RMB 165,621	RMB 165,621	-	100	RMB 224,764	RMB 35,172	RMB 35,172	
Wuxi K Laser Laser Technology Co., Ltd.	Foshan Donglin Packaging Materials Co., Ltd.	China	Production of packaging materials for tobacco and extended products	RMB 8,253	RMB 8,253	-	25	RMB 8,304	RMB 1,954	RMB 516	
Dongguan K Laser Technology Co., Ltd.	Hunan Hexin Packaging Materials Co., Ltd.	China	Mainly engaging in producing, processing and selling films and cigarette packs, and division of rolling paper	RMB 48,100	RMB 48,100	-	49	RMB 49,859	RMB 4,324	RMB 2,119	
Optivision Technology Inc.	Bright Triumph Limited	Mauritius	Reinvestment in companies	242,173	242,173	7,913,767	100	146,531	125	125	
Bright Triumph Limited	Ningpo Optivision Optical Technology Co., Ltd.	China	Manufacturing, processing and production of bright enhancement layers, prism sheets, diffusion films and optical films	USD 5,258	USD 5,258	-	100	USD 2,589	(USD 94)	(USD 94)	
Everest Display Inc.	Everest International Co., Ltd.	Samoa	Reinvestment in companies	-	217,125	-	-	-	12,139	(917)	Note 1
〃	Boxlight Corporation	USA	Production and sale of optical instruments	-	140,258	-	-	-	-	-	
Everest International Co., Ltd.	Guangfeng Optoelectronics (Wuxi) Co., Ltd.	China	Production and sale of optical instruments	USD 2,014	USD 2,014	11,456,748	28	USD 705	USD 215	USD 60	
〃	Boxlight Corporation	USA	Production and sale of optical instruments	-	-	-	-	USD -	USD -	USD -	
Insight Medical Solutions Inc.	Insight Medical Solutions Holdings Inc.	Cayman Islands	Reinvestment in companies	USD 2,500	USD 750	2,500,000	100	68,456	(4,792)	(4,792)	
〃	ICMD Co., Ltd.	Hsinchu County	Sale of endoscopes used in gastrointestinal tracts	-	20,000	-	-	-	(9,521)	(7,616)	
Insight Medical Solutions Holdings Inc.	Glory Group Medical (Wuxi) Co., Ltd	China	Research, development and sale of endoscopes used in gastrointestinal tracts	USD 2,500	USD 750	2,500	100	68,537	(4,705)	(4,705)	

Note 1：The Company conducted a short-form merger with Everest Display on June 30, 2020。

K Laser Technology Inc. and its Subsidiaries
Information of Investment in Mainland China
From January 1 to December 31, 2020

Schedule7

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						
Wuxi K Laser Laser Technology Co., Ltd.	Research, development, production of laser holographic products, electro-optics apparatus and optoelectronic materials	$ 552,986 (RMB 126,339	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	$ 190,531 (USD 6,690)	$ -	$ -	$ 190,531 (USD 6,690)	100	$ 23,273 (RMB 5,317)	$ 23,273 (RMB 5,317)	$ 648,234 (RMB148,100)	$ 187,060 (RMB 42,737)
Dongguan K Laser Technology Co., Ltd.	Production and sale of other polyethylene and rigid polyvinyl chloride films and foils	724,923 (RMB 165,621)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	58,640 (USD 2,059)	-	-	58,640 (USD 2,059)	100	153,948 (RMB 35,172)	153,948 (RMB 35,172)	983,792 (RMB224,764)	649,949 (RMB148,492)
Dongguan Zhimmei Laser Printing Co., Ltd. (Note 5)	Production and sale of printed paper packaging boxes and laser printed paper	110,904 (RMB 25,338)	Investment in the company in Mainland China through remittance from a third region	61,232 (USD 2,150)	-	-	61,232 (USD 2,150)	-	-	-	-	-
Hunan 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	226,729 (RMB 51,800) (Note 2)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	-	-	-		49	42,299 (RMB 9,664)	20,725 (RMB 4,735)	164,260 (RMB 37,528)	16,646 (RMB 3,803)
JiangSu Sunderray Laser Packing Material Co., Ltd.	Production of specific film coating, decorative films and environmentally friendly transfer paper	350,160 (RMB 80,000 (Note 3)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	-	-	-		33	22,025 (RMB 5,032)	7,240 (RMB 1,654)	158,478 (RMB 36,207)	37,931 (RMB 8,666)
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	Research, development and production of large LCDs, and optical engines and projection tubes for LCDs	180,910 (RMB 41,332)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	42,805 (USD 1,503)	-	-	42,805 (USD 1,503)	17	6,123 (USD 215)	1,054 (USD 37)	18,427 (USD 647)	-
Glory Group Medical (Wuxi) Co., Ltd	Research, development and sale of endoscopes used in gastrointestinal tracts	71,200 (USD 2,500)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	21,360 (USD 750)	49,840 (USD 1,750)	-	71,200 (USD 2,500)	100	(4,705)	(4,705)	68,537	-

2. Limit of Investments in Mainland China

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
$ 353,209 (USD12,402)	$ 1,719,736 (Note 4) (USD60,384)	$ 1,524,690 (Note 1)

Note 1: With the approval obtained from the headquarters, the amount of investments is not restricted or limited to 60% of the net worth or NT$80 million.
Note 2: It contains the investment in cash USD2,512 thousand through a third region.
Note 3: It contains the investment in cash USD3,705 thousand through a third region.
Note 4: It contains the investment from earnings USD11,748 thousand.
Note 5: The invested equity has been disposed, but an application for cancellation of the amount has not been filed to Investment Commission, MOEA.

3. Material Transactions directly or indirectly with Investee Companies in Mainland China through Entities in a Third Region

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 (%)	
Dongguan K Laser Technology Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Sale	$ 9,823 (USD 333)	Price negotiation	90 days after monthly settlement	Similar	$ 2,053 (USD 72)	1	($ 441)
Dongguan K Laser Technology Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Purchase	323,921 (USD 10,921)	Price negotiation	60 days after monthly settlement	Similar	55,467 (USD 1,948)	51	-
Wuxi K Laser Laser Technology Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Sale	943 (USD 32)	Price negotiation	60 days after monthly settlement	Similar	- (USD -)	-	-
Wuxi K Laser Laser Technology Co., Ltd.	A sub-subsidiary of which 99.60% of shares are held indirectly by the Company	Purchase	21,898 (USD 741)	Price negotiation	60 days after monthly settlement	Similar	7,237 (USD 254)	6	-

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: Schedule 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 its Subsidiaries
Business Relations and Important Transactions between Parent Company and Subsidiaries
From January 1 to December 31, 2020

Schedule 8 Unit: In Thousands of New Taiwan Dollars/Thousands in Foreign Currency:2020

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%
0	K Laser	K Laser USA	Parent company vs subsidiary	Trade receivables	$80,078	—	1
0	K Laser	K Laser Japan	Parent company vs subsidiary	Trade receivables	23,342	—	-
0	K Laser	Dongguan K Laser	Parent company vs subsidiary	Trade payables	55,467	—	1
0	K Laser	Treasure	Parent company vs subsidiary	Trade payables	10,971	—	-
0	K Laser	Dongguan K Laser	Parent company vs subsidiary	Purchase	323,921	—	6
0	K Laser	Wuxi K Laser	Parent company vs subsidiary	Purchase	21,898	—	-
0	K Laser	Treasure	Parent company vs subsidiary	Purchase	13,038	—	-
0	K Laser	K Laser USA	Parent company vs subsidiary	Sale	363,030	—	7
0	K Laser	K Laser Japan	Parent company vs subsidiary	Sale	65,186	—	1
1	Top Band	Dongguan K Laser	Subsidiary vs subsidiary	Other receivables	RMB 2,891	—	-
2	Dongguan K Laser	Herui Laser	Subsidiary vs subsidiary	Trade receivables	RMB 5,183	—	-
2	Dongguan K Laser	Amagic Dubai	Subsidiary vs subsidiary	Sale	RMB 5,607	—	-
2	Dongguan K Laser	Wuxi K Laser	Subsidiary vs subsidiary	Sale	RMB 6,328	—	-
2	Dongguan K Laser	Herui Laser	Subsidiary vs subsidiary	Sale	RMB 7,299	—	1
3	Wuxi K Laser	K Laser Hong Kong	Subsidiary vs subsidiary	Trade receivables	RMB 5,732	—	-
3	Wuxi K Laser	K Laser Hong Kong	Subsidiary vs subsidiary	Sale	RMB 33,289	—	3
4	Optivision Technology	Ningpo Optivision	Subsidiary vs subsidiary	Trade receivables	117,915	—	1
4	Optivision Technology	Ningpo Optivision	Subsidiary vs subsidiary	Sale	233,531	—	4
4	Optivision Technology	Dongguan K Laser	Subsidiary vs subsidiary	Sale	27,199	—	-

Note 1: Information of business between the parent company and its 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 its Subsidiaries
Information of Main Shareholders
December 31, 2020

Schedule 9

Name of key shareholder	Share	
	Number of shares held	Ratio of shareholding
Kuo Wei-Wu	10,997,756	6.9%
K Laser Technology Inc.	9,095,000	5.7%

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.