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

K Laser Inc. and Subsidiaries

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

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Declaration of Consolidation of Financial Statements of Affiliates

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

Company Name: K Laser Technology Inc.

Chairman: Kuo Wei-Wu

March 24, 2022

Independent Auditors' Report

Submitted to K Laser Technology Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of K Laser Technology Inc. and Subsidiaries for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Sales Revenue

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

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

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

Other Matters

We did not audit the financial statements of some subsidiaries included in the consolidated financial statements of K Laser Technology Inc. and Subsidiaries, but such statements were instead audited by other auditors. Our opinion stated in the consolidated financial statements, insofar as it relates to the amounts included in the financial statements of some subsidiaries, is based solely on the report of other auditors. As of December 31, 2021 and 2020, the total assets of the aforementioned subsidiaries amounted to NT$391,788 thousand and NT$439,989 thousand, respectively, which accounted for 4.77% and 5.53% of the consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the net operating revenue of these subsidiaries were NT$272,765 thousand and NT$285,507 thousand, respectively, which accounted for 4.44% and 5.25% of the consolidated net operating revenue, respectively. The financial statements of some investee companies accounted for using the equity method were audited by other auditors. The amounts within the consolidated financial statements for those investee companies were based solely on the reports of other auditors. As of December 31, 2021 and 2020, investments of the aforementioned investee companies accounted for using the equity method were NT$137,945 thousand and NT$123,089 thousand, respectively, which accounted for 1.68% and 1.55% of the consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the amounts of investment gain recognized by the aforementioned investee companies and accounted for using the equity method were NT$20,210 thousand and NT$13,315 thousand, respectively, which accounted for 4.94% and 5.74% of the consolidated net profit or loss before tax, respectively. Refer to Note 36 to the consolidated financial statements for relevant information of the above investee companies which we have not audited but were audited by other auditors.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability of K Laser Technology Inc. and Subsidiaries to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate K Laser Technology Inc. and Subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of K Laser Technology Inc. and Subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of K Laser Technology Inc. and Subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of K Laser Technology Inc. and Subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause K Laser Technology Inc. and Subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and also responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence (and where applicable, related safeguards).

From the matters communicated with those charged with governance, we determine that those matters of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 are the key audit matters. We describe these matters in our auditors' report unless any law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Huang Yi-Min, CPA	Hsu Wen-Ya, CPA
Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi-1030024438	Securities and Futures Bureau Approval No.: Tai-Cai-Zheng-6-Zi-0920123784

March 24, 2022

K Laser Technology Inc. and Subsidiaries

Consolidated Balance Sheet

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,128,842	26	$ 2,629,811	33
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,134	-	27,150	-
1150	Notes receivable (Notes 4 and 8)	101,895	1	35,457	1
1170	Trade receivables (Notes 4 and 8)	1,295,840	16	855,955	11
1180	Trade receivables from related parties (Notes 4, 8 and 32)	189,050	2	670,406	8
1200	Other receivables (Note 32)	25,710	-	58,048	1
1220	Current tax assets (Notes 4 and 26)	12,413	-	7,552	-
130X	Inventories (Notes 4 and 9)	1,408,054	17	993,440	13
1460	Current assets held for sale (Notes 4 and 10)	29,865	1	28,154	-
1470	Other current assets (Notes 6, 18 and 33)	324,733	4	188,677	2
11XX	Total current assets	5,519,536	67	5,494,650	69
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income－non-current (Notes 4 and 11)	96,045	1	118,244	2
1550	Investments accounted for using the equity method (Notes 4 and 11)	441,409	5	591,940	7
1600	Property, plant and equipment (Notes 4 and 13)	1,389,369	17	1,131,375	14
1755	Right-of-use assets (Notes 4 and 15)	313,064	4	263,580	3
1805	Goodwill (Notes 4, 16 and 29)	42,724	1	85,752	1
1821	Other intangible assets (Notes 4 and 17)	42,307	1	44,672	1
1840	Deferred tax assets (Notes 4 and 26)	20,000	-	21,094	-
1990	Other non-current assets (Notes 6, 18 and 33)	350,720	4	208,183	3
15XX	Total non-current assets	2,695,638	33	2,464,840	31
1XXX	Total assets	$ 8,215,174	100	$ 7,959,490	100

Code	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 19)	$ 747,545	9	$ 810,164	10
2110	Short-term notes and bills payable (Note 19)	159,948	2	299,917	4
2150	Notes payable	268,422	3	257,027	3
2170	Trade payables	639,088	8	507,491	7
2180	Trade payables to related parties (Note 32)	3,709	-	43,535	1
2200	Other payables (note 21)	516,737	6	415,897	5
2220	Other payables to related parties (Note 32)	117	-	1,753	-
2230	Current tax liabilities (Notes 4 and 26)	15,768	-	13,559	-
2280	Lease liabilities－current (Notes 4 and 15)	51,701	1	51,244	1
2320	Current portion of long-term liabilities (Note 19)	-	-	100,000	1
2399	Other current liabilities	11,373	-	24,509	-
21XX	Total current liabilities	2,414,408	29	2,525,096	32
	Non-current liabilities				
2500	Financial liabilities measured at fair value through profit or loss - non-current (notes 4 and 7)	855	-	-	-
2530	Corporate bonds payable (note 20)	552,053	7	-	-
2540	Long-term borrowings (Note 19)	794,000	10	1,250,000	16
2580	Lease liabilities－non-current (Notes 4 and 15)	162,844	2	199,582	2
2640	Net defined benefit liabilities－non-current (Notes 4 and 22)	20,158	-	18,888	-
25XX	Total non-current liabilities	1,529,910	19	1,468,470	18
2XXX	Total liabilities	3,944,318	48	3,993,566	50
	Equity (Note 23)				
	Share capital				
3110	Ordinary shares	1,659,694	20	1,593,246	20
3200	Capital reserve	709,559	9	585,347	7
	Retained earnings				
3310	Legal reserve	249,257	3	213,042	3
3320	Special reserve	391,852	5	200,987	2
3350	Unappropriated earnings	294,763	4	384,752	5
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(373,245)	(5)	(287,085)	(4)
3420	Unrealized gain on financial assets at fair value through other comprehensive income	(30,640)	-	(30,403)	-
3490	Unpaid employees award	(72,873)	(1)	-	-
3500	Treasury shares	(147,047)	(2)	(118,736)	(1)
31XX	Total equity attributable to the Company	2,681,320	33	2,541,150	32
36XX	Non-controlling interests (23)	1,589,536	19	1,424,774	18
3XXX	Total equity	4,270,856	52	3,965,924	50
	Total liabilities and equity	$ 8,215,174	100	$ 7,959,490	100

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

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

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

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

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

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

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

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

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

Unit: In Thousands of New Taiwan Dollars

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

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

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

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

Unit: In Thousands of New Taiwan Dollars

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

(to be continued)

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

(to be continued)

(continued)

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

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

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

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

K Laser Technology Inc. and Subsidiaries

Notes to the Consolidated Financial Report

For the years ended December 31, 2021 and 2020

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

I. Corporate History

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

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

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

II. Date and Procedure of Adoption of Financial Statements

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

III. Applicability of New and Amended Regulations and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

According to the amendments, for the purpose of liability classification, the aforementioned repayment refers to transfer of cash, other economic resources or the Group's equity instrument to the counterparty so as to eliminate the liabilities. However, if the counterparty may at its option request the Group to transfer its equity instrument so as to repay the liabilities in accordance with the terms provided for the liabilities, and if the option is separately recognized in equity in compliance with the provisions of IAS 32 “Financial Instruments: Presentation,” then the aforementioned terms do not influence classification of liabilities.

3. Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

4. Amendments to IAS 8 “Definition of Accounting Estimates”

   The revised explicit accounting estimate refers to the monetary amount affected by measurement uncertainty in the financial report. When applying accounting policies, the consolidated company may have to measure the financial reporting items with monetary amounts that cannot be directly observed but must be estimated. Therefore, it is necessary to use measurement techniques and input values to establish accounting estimates to achieve this purpose. If the influence of changes in measurement techniques and input values on accounting estimates is not related to correction of an error occurring in the previous period, then such changes are regarded as changes in accounting estimates.

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

IV. Explanations of Material Accounting Policies

(1) Declaration of Compliance

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

(2) Preparation Basis

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

(4) Consolidation Basis

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

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

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

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

(5) Business Combinations

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

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

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

(6) Foreign Currency

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

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

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

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

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

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

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

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

(7) Inventories

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

(8) Investments in Associates

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

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

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

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

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

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

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

Profits or losses generated from upstream, downstream and sidestream transactions between the Group and an associate are recognized in the consolidated financial report only to the extent that the equity of the associate owned by the Group is not influenced accordingly.

(9) Property, Plant and Equipment

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

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

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

(10) Goodwill

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

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

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

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

(11) Intangible Assets

1. Individual Acquisition

Intangible assets with limited service life acquired individually are originally measured at cost and measured subsequently based on the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized within service life by using the straight line method. Estimated service life, residual value and amortization method shall be reviewed at least at the end of every year and the impact on applicable changes in accounting estimates shall be put off. Intangible assets without defined service life are listed at cost less accumulated impairment loss.

2. Derecongition

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

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

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

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

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

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

(13) Non-current Assets Held for Sale

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

(14) Financial Instruments

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

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

1. Financial Assets

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

(1) Type of Measurement

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

A. Financial Assets at FVTPL

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

Financial assets at FVTPL are measured at fair value while the incomes or losses generated from remeasurement (including any dividend or interest generated from the financial assets) are recognized in profits or losses. Please refer to note 31 for the determination method of fair value.

B. Financial Assets at Amortized Cost

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

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

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

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

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

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

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

C. Investments in Equity Instruments at FVTOCI

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

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

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

(2) Impairment of Financial Assets

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

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

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

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

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

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

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

(3) Derecognition of Financial Assets

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

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

2. Equity Instruments

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

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

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

3. Financial liabilities

(1) Follow-up measurement

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

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

(2) Exclusion of financial liabilities

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

4. Convertible corporate bonds

The composite financial instruments (convertible corporate bonds) issued by the company are classified into financial liabilities and equity respectively at the time of initial recognition according to the essence of the contract agreement and the definition of financial liabilities and equity instruments.

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

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

(15) Liability reserve

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

(16) Revenue recognition

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

<u>Sales Revenue</u>

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

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

(17) Lease

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

1. The Group is a lessor.

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

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

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

2. The Group is a lessee.

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

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

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

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

After that, lease liabilities are measured at amortized cost by using the effective interest method, and interest expenses are amortized for the leasing. In case the lease period, the amount expected to be paid to the extent of the guaranteed residual value, the evaluation of call options for subject assets, or the index or rate determined for lease payments changes, then the Group remeasures lease liabilities and adjusts right-of-use assets accordingly. However, if the book amount of right-of-use assets has been reduced to zero, then the rest of the remeasured amount is recognized in profits or losses. Lease liabilities are expressed separately in the consolidated balance sheet.

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

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

(18) Borrowing cost

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

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

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

(19) Government subsidy

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

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

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

(20) Employee benefits

1. Short-term Employee Benefits

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

2. Post-employment Benefits

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

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

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

3. Other long-term Employee Benefits

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

(21) Share-based payment agreement

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

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

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

(22) Treasury shares

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

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

(23) Income tax

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

1. Current Income Tax

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

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

2. Deferred Income Tax

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

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

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

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

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

3. Current and Deferred Income Taxes

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

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

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

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

VI. Cash and Cash Equivalents

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

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

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

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

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

VII. Financial Instruments at FVTPL

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

VIII. Notes Receivable and Trade Receivables

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

(1) Notes Receivable

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

(2) Trade Receivables

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

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

If evidence shows that the counterparty encounters serious financial difficulties and the Group is unable to reasonably expect a recoverable amount, then the Group will write off relevant trade receivables directly; however, claiming activities will still continue. Amounts claimed and recovered are recognized in profits.

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

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

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

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

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

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

IX. Inventories

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

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

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

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

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

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

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

XI. Financial Assets at FVTOCI

Investments in Equity Instruments

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

(Continued)

(Continued)

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

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

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

XII. Subsidiaries

(1) Subsidiaries Listed in the Consolidated Financial Report

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

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

(Continued)

(Continued)

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

(Continued)

(Continued)

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

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

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

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

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

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

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

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

Optivision Technology Inc. and Subsidiaries

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

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

XIII. Investments Accounted for Using the Equity Method

(1) Investments in Associates

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

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

(2) Information of Individual Immaterial Associates

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

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

XIV. Property, Plant and Equipment

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

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

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

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

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

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

XV. Lease Agreement

(1) Right-of-use Assets

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

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

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

(2) Lease Liabilities

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

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

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

(III) Important leasing activities and terms

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

(IV) Other leasing information

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

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

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

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

XVI. Commercial reputation

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

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

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

XVII. Other intangible assets

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

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

(to be continued)

(continued)

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

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

Computer software	2-5 years
Expertise	15years

XVIII. Other assets

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

XIX. Loan

(1) Short-term Borrowings

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

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

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

(2) Short-term Notes and Bills Payable

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

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

December 31, 2021

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

December 31, 2020

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

(3) Current Portion of Long-term Liabilities

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

(4) Long-term Borrowings

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

(Continued)

(Continued)

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

1. The participating loans sponsored by Taipei Fubon Commercial Bank is a joint loan contract signed by the company with 9 financial institutions in November 2019 in order to enrich working capital and repay corporate bonds, with a total credit line of NT＄800,000,000.As of December 31, 2021, the actual amount of active allocation was NT＄800,000,000.The participating loan was fully repaid in advance in October 2021.

   According to the provisions of the joint loan contract, the consolidated company shall maintain the following financial ratios in the consolidated company's annual consolidated financial statements before paying off all the debts of the contract:

   (1) Current ratio (i.e. the ratio of current assets to current liabilities) shall not be less than 100%.

   (2) Debt ratio (i.e. the ratio of total liabilities less cash and cash equivalents to tangible net worth) shall not be more than 100%.

   (3) Times interest earned (i.e. the ratio obtained from net profit before tax plus interest expense, depreciation and amortization divided by interest expense) shall not be less than 300%.

   (4) Tangible net worth shall not be less than NT$ 2,600,000 thousand.

2. The long-term loans listed above are the participating loans of Taipei Fubon Commercial Bank and Hua Nan Bank with the chairman of the company, Mr. Kuo Wei-Wu, as the joint guarantor, and the real estate, plant and equipment as collateral.

XX. Corporate bonds payable

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

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

(I) The conditions for the sixth domestic issuance of secured convertible corporate bonds by K Laser are as follows:

1. Issuance period: 5 years, from March 24, 2021 to March 24, 2026.
2. Denomination: NT $100 thousand
3. Place of issue and transaction: Domestic
4. Issue price: 101%
5. Total issue amount: NT $600 million
6. Coupon rate: 0%; Effective interest rate: 0.75%
7. Conversion right and subject matter: convert into ordinary shares of K Laser company according to the conversion price at the time of request.

8. Collateral: Bank pledged deposits of NT $173,277,000 and 10,000,000 ordinary shares of the subsidiary Optivision Technology.

9. Redemption and resale of bonds:

(1) Redemption at maturity: after the issuance of this bond expires, the principal shall be repaid according to the face value.

(2) Early redemption:

K Laser company may, from the day following the issuance of the bonds for three months to 40 days before the expiration of the issuance period, if the closing price of K Laser company's common shares on the Taiwan Stock Exchange exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days, or the outstanding balance of this conversion company's bonds is less than 10% of the original issuance amount, K Laser company may, at any time thereafter, recover all bonds in cash according to the face value of the bonds.

(3) Resale method:

The bondholders can ask the optical group laser company to pay off in advance with 101.51% at the expiration of 3 years after the issuance of the bonds.

10. Conversion price and adjustment:

The conversion price of this convertible corporate bond is set on March 16, 2021 as the base date for setting the conversion price, and the conversion price is calculated as NT $19.8 per share. After the issuance of the convertible corporate bonds, the conversion price shall be adjusted in accordance with the issuance and conversion measures of the convertible corporate bonds; On December 31, 2021, the conversion price was NT $18.3.

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

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

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

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

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

XXI. Other payables

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

XXII. Retirement welfare plan

(1) Defined Contribution Plan

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

The amounts allocated for the years ended December 31, 2021 and 2020 by the Group at the specific percent provided in the defined contribution plan have been recognized as expenses in the amount of NT$13,283 thousand and NT$13,187 thousand respectively in the consolidated statement of comprehensive income.

(2) Defined Benefit Plan

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

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

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

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

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

(Continued)

(Continued)

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

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

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

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

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

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

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

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

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

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

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

XXIII. Rights and interests

(1) Capital Stock

Common Shares

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

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

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

(2) Capital Reserve

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

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

(3) Retained Earnings and Dividend Policies

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

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

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

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

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

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

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

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

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

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

(4) Other Equity

1. Exchange differences on translation of foreign financial statements:

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

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

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

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

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

3. Unpaid employees' award

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

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

(5)Non-controlling interest

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

(6) Treasury stock

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

Unit: Share

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

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
	2020			
Shares transferred to employees	6,000,000	6,000,000	(2,905,000)	9,095,000
Shares of the parent company possessed by subsidiaries	2,750,000	-	(2,750,000)	-
	8,750,000	6,000,000	(5,655,000)	9,095,000

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

XXIV. Operating income

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

XXV. Net profit of continuing business units

Employee Benefit Expense and Depreciation and Amortization Expenses

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

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

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

Estimated Percentage

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

Amounts

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

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

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

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

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

XXVI. Income tax of continuing business units

(1) Income Tax Recognized in Profit or Loss

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

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

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

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

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

(2) Current Tax Assets and Liabilities

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

(3) Deferred Tax Assets and Liabilities

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

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

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

(5) Income Tax Assessment

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

XXVII. Earnings per share

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

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

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

XXVIII Share-based payment agreement

(1) RSA

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

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

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

3. The basic payment of equity settlement shares to employees is measured by the fair value of equity instruments on the day of giving.

4. In case of failure to meet the acquired conditions, voluntary resignation, dismissal, dismissal or violation of the issuance rules,

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

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

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

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

(2) Employee Stock Option

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

Information relevant to employee stock options is as follows:

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

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

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

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

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

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

(3) Employee Stock Option Plan for Seasoned Equity Offering

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

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

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

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

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

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

XXIX. Business combination

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

Transfer Pricing

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

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

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

(3) Non-controlling Interests

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

(4) Goodwill Generated from Acquisition

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

(5) Net Cash Inflow from Acquisition of Subsidiaries

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

XXX. Capital risk management

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

XXXI. Financial instruments

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

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

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

1. Hierarchy of Fair Value

December 31, 2021

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

(Continued)

(continued)

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

December 31, 2020

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

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

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

(3) Type of Financial Instrument

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

(4) Purpose and Policy of Financial Risk Management

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

1. Market Risk

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

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

(1) Currency Risk

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

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

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

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

(2) Interest Rate Risk

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

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

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

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

2. Credit Risk

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

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

3. Liquidity Risk

The working capital of the Group is sufficient, so there is no liquidity risk from its being unable to raise funds to perform contractual obligations.

(1) The non-derivative financial liabilities to be repaid by the Group as scheduled are due and repayable as follows:

	December 31, 2021			
	Less than 1 year	2 ~ 3 years	More than 3 years	Total
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 1,428,073	$ -	$ -	$ 1,428,073
Lease liabilities	44,974	37,730	133,375	216,079
Floating rate liabilities	69,612	794,000	-	863,612
Fixed rate liabilities	837,881	-	552,053	1,389,934
	$ 2,380,540	$ 831,730	$ 685,428	$ 3,897,698

	Less than 3 years	3-5 years	5 ~ 10 years	Over 10 years
Lease liabilities	$ 82,704	$ 46,611	$ 58,926	$ 27,838

	December 31, 2020			
	Less than 1 year	2～3 years	Over 3 years	Total
Non-derivative financial liabilities				
Liabilities without interest	$ 1,225,703	$ -	$ -	$ 1,225,703
Lease liabilities	50,821	45,298	161,193	257,312
Floating rate liabilities	189,085	1,250,000	-	1,439,085
Fixed rate liabilities	1,020,996	-	-	1,020,996
	$ 2,486,605	$ 1,295,298	$ 161,193	$ 3,943,096

	Less than 3 years	3～5 years	5～10 years	More than 10 years
Lease liabilities	$ 96,119	$ 65,174	$ 57,463	$ 38,556

(2) Financing limit

	December 31, 2021	December 31, 2020
Unsecured bank loan commitment		
-Used in the credit line	$ 1,199,417	$ 1,660,164
-Unused in the credit line	1,875,463	786,676
	$ 3,074,880	$ 2,446,840
Secured bank loan commitment		
- Used in the credit line	$ 502,128	$ 800,000
- Unused in the credit line	707,740	-
	$ 1,209,868	$ 800,000
Amount of secured corporate bonds		
- amount used	$ 600,000	$ -
- unspent amount	20,000	-
	$ 620,000	$ -

XXXII. Related party transactions

Transactions, account balances, incomes and expenses among K Laser and Subsidiaries (i.e. related parties of K Laser) have been eliminated completely upon business combination, so they are not disclosed in the Notes.

Transactions between the Group and other related parties are as follows:

(1) Name of each Related Party and Relationship with the Related Party

Name of related party	Relationship with the Group
Dongguan City Guangzhi Photoelectric Co., Ltd.	Other related parties, who have not been related parties since November 2021 (the chairman of Optivision Technology, a subsidiary of the original consolidated company, served as the director of the parent company of the company)
Hunan Heshuo Packaging Materials Co., Ltd.	One of other related parties
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	An associate evaluated by using the equity method
Xinguang Laser Co., Ltd.	Affiliated enterprises evaluated by equity method (consolidated subsidiaries since October 1, 2021)
Hunan Hexin Packaging Materials Co., Ltd.	An associate evaluated by using the equity method
Boxlight Corporation	An associate evaluated by using the equity method (transferred to assets held for sale in March 2020)
Kuo Wei-Wu	Chairman of K Laser
Kuo Wei-Pin	Director of K Laser

(2) Operating Transactions

	2021	2020
Sale		
Other related parties		
Dongguan Guangzhi Photoelectric Co., Ltd.	$ 830,821	$ 1,205,671
Associates	1,181	9,916
	$ 832,002	$ 1,215,587
Purchase		
Other related parties	$ 429	$ 5,041
Associates	263,677	198,376
	$ 264,106	$ 203,417
Manufacturing expenses		
Associates	$ 10,716	$ 10,301
Operating expenses		
Associates	$ 3,821	$ 3,033
Interest income		
Associates		
Hunan Hexin Packaging Materials Co., Ltd.	$ 728	$ 913
Other incomes		
Affiliated Enterprises	$ 1,716	$ 592

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

(3) The outstanding balance as of the balance sheet date is as follows:

	December 31, 2021	December 31, 2020
Trade receivables from related parties		
Other related parties		
Dongguan Guangzhi Photoelectric Co., Ltd.	$ 195,300	$ 676,582
Associates	-	61,124
	195,300	737,706
Less: Loss allowance	(6,250)	(67,300)
	$ 189,050	$ 670,406

(to be continued)

(continued)

	December 31, 2021	December 31, 2020
Notes payable and trade payables to related parties		
Other related parties		
Xinguang Laser	$ -	$ 40,489
Others	3,709	1,472
Other related parties:	-	1,574
	$ 3,709	$ 43,535
Other receivables (not including loans)		
Other related parties	$ -	$ 58
Associates		
Guangfeng Optoelectronics (Wuxi)	669	844
	$ 669	$ 902
Other payables		
Associates		
Hanns Touch Solution Inc.	$ 117	$ 1,728
Others	-	25
	$ 117	$ 1,753

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

(4) Real estate, plant and equipment acquired

	Acquisition price	
Related party category / name	2021	2020
Other related parties:	$ 4,900	$ -

(V) Financing

The capital loans to related parties of the consolidated company in years 2021 and 2020 are as follows:

	Year 2021		Year 2020	
Name of related party	Maximum balance	Ending balance of drawdown	Maximum balance	Ending balance of drawdown
Associates -Hanns Touch Solution Inc.	$ 35,072	$ 20,634	$ 41,078	$ 28,451

(6) Endorsement and guarantee

The joint guarantors for the loans to the Group were the related parties of the Group. The joint guarantee is as follows:

Name of related party	Nature of joint guarantee	December 31, 2021	December 31, 2020
Main managements	Short-term borrowings	$ 747,545	$ 810,164
	Commercial paper payable	159,948	299,917
	Corporate bonds payable	552,053	-
	Long-term borrowings	794,000	1,350,000
		$ 2,253,546	$ 2,460,081

(7) Rewards and remuneration for major management levels

The benefits and remunerations given by the Group to its directors and main managements for the years ended December 31, 2021 and 2020 respectively are as follows:

	2021	2020
Short-term employee benefits	$ 35,178	$ 26,238
Post-employment benefits	$ 718	$ 6,450

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

XXXIII. Pledged assets

The following assets of the Group were provided as guarantees for loans under loan contracts and for the need of business operation.

	December 31, 2021	December 31, 2020
Bank deposits	$ 385,197	$ 243,244
Property, plant and equipment	322,647	193,249
Right of use assets	79,604	-
	$ 787,448	$ 436,493

In addition, K Laser company provided 10,000,000 ordinary shares of its subsidiary Optivision Technology as guarantee for the issuance of convertible corporate bonds. Please refer to note 20 for more details.

XXXIV. Significant subsequent events

(1) The subsidiary Optivision Technology Inc. received a civil complaint from the intellectual property court of the intellectual property and Commercial Court on February 22, 2022. LGS Co., Ltd. of Korea accused Optivision Technology Inc. of using the reverse prism process that infringes its patent right in the Republic of China Patent Notice No. 583422.Optivision Technology has entrusted professional lawyers to assist in handling this case, which has no significant impact on the company's operation, finance and business.

(2) The merged company decided by the board of directors in January 2022 to dispose of the real estate, plant and equipment and use right assets of

its subsidiary K Laser (Dongguan), with a sale price of about RMB 100,000,000.

XXXV. Information of Exchange Rates for Financial Assets and Liabilities in Foreign Currencies

Information of the foreign currency financial assets and liabilities that have a material impact on the Group is as follows:

Unit: Per thousand in foreign currency / 1000 NT dollars

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary item						
USD	$ 56,510	27.68	$ 1,564,197	$ 44,605	28.48	$ 1,270,350
JPY	388	0.2405	93	54	0.2763	15
CNY	189,820	4.344	824,578	175,151	4.377	766,636
Long-term equity investments accounted for using the equity method						
USD	2,058	27.68	56,971	7,106	28.48	202,389
Financial liabilities						
Monetary item						
USD	20,512	27.68	567,772	12,750	28.48	363,120
JPY	468,250	0.2405	112,614	771,150	0.2763	213,069
CNY	7,754	4.344	33,683	7,135	4.377	31,230

XXXVI. Disclosures in the Notes

(1) Material Transactions and Reinvestment-related Information:

No.	Item	Explanation
1	Funds lent to others: Attachment 1	Attachment 1
2	Enforcement and guarantee for others	None
3	Negotiable securities held at the end of the year (not including investments in subsidiaries, associates and joint ventures)	Attachment 2
4	Accumulated purchases or sales of negotiable securities up to NT$300 million or 20% of the paid-in capital	None
5	Acquisition cost of real estate up to NT$300 million or 20% of the paid-in capital	Attachment 3
6	Proceeds up to NT$300 million or 20% of the paid-in capital from disposal of real estate	None
7	Purchases from or sales to related parties up to NT$300 million or 20% of the paid-in capital	Attachment 4
8	Receivables from related parties up to NT$100 million or 20% of the paid-in capital	Attachment 5
9	Transactions of derivatives	Note 20
10	Others: Business relationship between the parent company and subsidiaries, and between subsidiaries, and important transactions among them and transaction amounts	Attachment 8
11	Information of investee companies	Attachment 6

(2) Information of investments in Mainland China:

No.	Item	Explanation
1	Name of investee company in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China	Attachment 7
2	Following material transactions with investee companies in Mainland China directly or through a third region, and price, payment terms and unrealized gain (loss) with respect to the transactions: (1) Amount and percentage of purchase, and ending balance and percentage of relevant payables (2) Amount and percentage of sale, and ending balance and percentage of relevant receivables (3) Amount of property transaction, and profit (loss) generated (4) Ending balance of endorsement or collateral provided for notes, and purposes (5) Maximum balance of financing, ending balance, range of interest rates and total interest for the current year (6) Other transactions that have material influence on the profit (loss) for the current year or financial status, such as provision or receipt of service	Attachment 7

(3) Information of Main Shareholders:

Name of Shareholder Holding Over 5% of Equity, Number of Shares Held and Ratio of Shareholding (Attachment 9)

XXXVII. Financial Information of Operating Segments

The Group produces and sells holographic products, provides information of single industry for main decision makers to distribute resources and evaluate performance of each segment, and emphasizes every area where products are delivered or provided.

China
—K Laser Technology (Wuxi) Co., Ltd.
—K Laser Technology (Dongguan) Co., Ltd.
—K Laser Technology (H.K.) Co., Ltd.
—Herui Laser Technology Co., Ltd.
—Ningbo Optivision Technology Co., Ltd.
—Insight Medical Solutions(Wuxi) Inc.
—Xinguang Laser Co., Ltd.
—Jiangyin Teruida Technology Co., Ltd

Other regions of Asia－K Laser Technology Inc.

－K Laser Technology (Thailand) Co., Ltd.

－K Laser Technology (Indonesia) Co., Ltd.

－K Laser Technology (Korea) Co., Ltd.

－K Laser Technology Japan Co., Ltd.

－Amagic Holographics India Private Limited

－Optivision Technology Inc.

－Insight Medical Solutions Inc.

Other areas －Amagic Technologies U.S.A. (Dubai)

－K Laser Technology (USA) Co., Ltd.

－Finity Laboratories

(1) Revenue of Segments and Business Results

The revenue and business results of the Group's continuing operations are analyzed by the reportable segment as follows:

Financial information of the Group's segments for the years ended December 31, 2021 and 2020 is listed as follows:

	Year 2021				
	China region	Other Asian regions	Others	Adjustment and write-off	Total
Operating income	$ 3,642,528	$ 3,480,232	$ 750,759	($ 1,727,229)	$ 6,146,290
Operating costs	2,992,168	3,030,389	627,873	(1,741,483)	4,908,947
Operating margin	650,360	449,843	122,886	14,254	1,237,343
Operating expenses	435,701	481,134	114,997	(10,927)	1,020,905
Business interests	214,659	(31,291)	7,889	25,181	216,438
Interest income	9,925	9,587	212	-	19,724
Interest expense	1,534	28,976	1,363	(195)	31,678
Other income and expense (loss)	20,669	376,376	640,798	(833,257)	204,586
Net loss before tax	$ 243,719	$ 325,696	$ 647,536	($ 807,881)	$ 409,070

	2020				
	China	Other regions of Asia	Others	Adjustment and write-off	Total
Operating revenue	$ 2,876,303	$ 3,042,537	$ 744,505	($ 1,224,115)	$ 5,439,230
Operating cost	2,282,830	2,536,894	597,064	(1,241,651)	4,175,137
Gross profit	593,473	505,643	147,441	17,536	1,264,093
Operating expenses	376,676	537,509	115,243	5,943	1,035,371
Operating income	216,797	(31,866)	32,198	11,593	228,722
Interest income	6,415	3,072	893	(205)	10,175
Interest expense	419	32,650	1,767	3,724	38,560
Other incomes and (expenses and losses)	(8,453)	246,345	376,288	(582,416)	31,764
Net loss before tax	$ 214,340	$ 184,901	$ 407,612	($ 574,752)	$ 232,101

Inter-departmental transactions in 2021 and 2020 have been written off.

(II) Departmental assets

	December 31, 2021				
	China region	Other Asian regions	Others	Adjustment and write-off	Total
Cash and cash equivalents	$ 784,603	$ 1,249,938	$ 94,301	$ -	$ 2,128,842
Notes and accounts receivable	1,190,495	982,610	86,828	(673,148)	1,586,785
Stock	779,153	366,531	391,632	(129,262)	1,408,054
Other current assets	176,969	218,187	24,812	(24,113)	395,855
Total current assets	2,931,220	2,817,266	597,573	(826,523)	5,519,536
Funds and investments	312,556	3,952,222	5,370,365	(9,097,689)	537,454
Property, plant and equipment	663,253	639,812	49,713	36,591	1,389,369
Right of use assets	100,636	209,962	27,050	(24,584)	313,064
Intangible assets	-	3,850	-	81,181	85,031
Other assets	91,265	297,690	28,781	(47,016)	370,720
Total assets	$ 4,098,930	$ 7,920,802	$ 6,073,482	($ 9,878,040)	$ 8,215,174

	December 31, 2020				
	China	Other regions of Asia	Others	Adjustment and write-off	Total
Cash and cash equivalents	$ 778,609	$ 1,647,759	$ 203,443	$ -	$ 2,629,811
Notes receivable and trade receivables	716,148	1,143,606	80,285	(378,221)	1,561,818
Inventories	538,122	312,076	215,877	(72,635)	993,440
Other current assets	217,792	82,588	18,446	(9,245)	309,581
Total current assets	2,250,671	3,186,029	518,051	(460,101)	5,494,650
Funds and investments	495,069	4,010,455	4,832,848	(8,628,188)	710,184
Property, plant and equipment	438,538	629,010	26,025	37,802	1,131,375
Right-of-use assets	22,021	222,147	25,036	(5,624)	263,580
Intangible assets	-	3,257	-	127,167	130,424
Other assets	33,067	224,573	21,775	(50,138)	229,277
Total assets	$ 3,239,366	$ 8,275,471	$ 5,423,735	($ 8,979,082)	$ 7,959,490

(III) Main customer information

The revenue from a single customer that accounts for more than 10% of the total revenue of the consolidated company is as follows:

	Year 2021		Year 2020	
Name of customer	Amount	%	Amount	%
Dongguan Guangzhi Photoelectric Co., Ltd.	$ 1,034,875	17	$ 1,205,671	19

K Laser Technology Inc. and Subsidiaries

Funds of the Company and Reinvested Companies to Other Entities

From January 1 to December 31, 2021

Attachment 1

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

No. (Note 1)	Company lending funds	Company receiving the loan	Account	Is it a related party?	Maximum balance of the year	Ending balance	Drawdown	Interest rate range	Nature of lending (Note 2)	Amount of business	Reason of short-term financing	Allocated amount of allowance for bad debts	Security		Limit of funds lent to an individual entity (Note 3)	Total limit of lending (Note 3)	Remark
													Name	Value			
1	K Laser Technology (Dongguan) Co., Ltd.	Hunan Hexin Packaging Materials Co., Ltd.	Other receivables	Yes	$ 35,072 (RMB 8,000)	$ 26,064 (RMB 6,000)	$ 20,634 (RMB 4,750)	3.85%	2	$ -	Capital turnover	$ -	No	No	$ 457,514 (RMB105,321)	$ 457,514 (RMB105,321)	

Note 1: Information of funds loaned by the Company and Subsidiaries to other entities shall be provided separately in two forms and indicated in the “No.” section. Numbers shall be given as follows:

(1) For the Company, please indicate “0.”

(2) For subsidiaries, number in numerical order from 1 by the type of company.

Note 2: Information of funds loaned by the Company and Subsidiaries to other entities shall be provided separately in two forms and indicated in the “No.” section. Numbers shall be given as follows:

(1) In case of business with the entity, please indicate “1.”

(2) In case of necessary short-term financing, indicate “2.”

Note 3： Limits and types of the funds loaned by the Company and Subsidiaries to other entities are as follows:

(1) As provided in the Company’s procedure of loaning funds to other entities, the total limit of funds loaned to other entities shall not exceed 25% of the current net worth of the Company, and the limit of funds loaned to a single entity shall not exceed 10% of the current net worth.

(2) As provided in the Company’s procedure for a subsidiary to loan funds to other entities and provide endorsement and guarantee, the total amount loaned by a Group company (subsidiary) shall not exceed 40% of the net worth of the Group company (subsidiary), and the total amount loaned to other entities based on necessary short-term financing shall not exceed 40% of the net worth of the Group company (subsidiary).

K Laser Technology Inc. and Subsidiaries

Marketable Securities Held at the End of the Year

December 31, 2021

Attachment 2

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

Holding company	Type and name of marketable securities	Relation with the issuer of marketable securities	Items on books	End of the year				Remark
				Number of shares	Book amount	Ratio of shareholding	Fair value	
K Laser Technology Inc.	Stocks							
	Minton Optic Industry Co., Ltd.	None	Financial assets at fair value through profit or loss— Non-current	857,900	$ -	1	$ -	
	CM Visual Technology Corp.	None	Financial assets at fair value through profit or loss— Non-current	138,240	-	-	-	
	China Development Biotechnology Co., Ltd.	None	Financial assets at fair value through profit or loss— Non-current	2,100,000	26,726	2	26,726	
	Mega Plastic Industry Co., Ltd.	None	Financial assets at fair value through profit or loss— Non-current	150,000	2,007	15	2,007	
	Boxlight Corporation	None	Current assets to be sold	1,662,940	27,960	3	63,522	
Guang Feng International Ltd.	Boxlight Corporation	None	Current assets to be sold	272,957	1,905	-	10,427	
Insight Medical Solutions Inc.	Aether Precision Technology Inc.	None	Financial assets at fair value through profit or loss— Non-current	240,000	1,249	10	1,249	
Bright Triumph Limited	Dongguan Guangzhi photoelectric Co., Ltd	None	Financial assets at fair value through profit or loss— Non-current	5,385,628	66,063	9	66,063	

Note 1: For information of investments in subsidiaries and associates, please refer to attachment 7 and attachment 8.

K Laser Technology Inc. and Subsidiaries

The amount of real estate acquired reaches NT $300 million or more than 20% of the paid in capital

Year 2021

Attachment 3 Unit: NT $1000

Company acquiring real estate	Property name	Date of fact	Transaction amount	Payment of price	Trading partner	Relationship	If the trading partner is a related party, the previous transfer information				Reference basis for price determination	Purpose of acquisition and use	Other agreements
							Everyone	Relationship with the issuer	Transfer date	Amount			
Optivision Technology Inc.	Land No. 668, Datong section, Zhunan Town, Miaoli County	Resolution date of the board of directors: 2021 / 11 / 09	$ 290,000	$ 29,000	Safeway Industrial Co., Ltd	None	-	-	-	$ -	According to the appraisal report of real estate appraiser's office	For business use	None

K Laser Technology Inc. and Subsidiaries

Purchase from or Sale to Related Parties Amounting to Over NT$100 Million or 20% of Paid-in Capital

From January 1 to December 31, 2021

Attachment 4

Unit: In Thousands of New Taiwan Dollars

Selling (purchasing) company	Counterparty	Relation	Transaction				Transaction terms different from those for general transactions, and reasons		Notes receivable (payable) and trade receivables (payables)		Remark
			Sale (purchase)	Amount	Ratio to total sale (purchase) %	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable (payable) and trade receivables (payables)%	
Optivision Technology Inc.	Dongguan Guangzhi photoelectric Co., Ltd	One of other related parties	Sale	$ 825,154	51	Cash received 90 days after monthly settlement	N/A	N/A	$ 182,959	30	
〃	Ningpo Optivision Technology Co., Ltd.	A subsidiary	Sale	281,393	17	Cash received 120 days after monthly settlement	N/A	N/A	146,153	24	
K Laser Technology Inc.	K Laser Technology (Dongguan) Co., Ltd.	A sub-subsidiary of which 100% of shares are held by the Company	Purchase	(393,771)	39	Cash received 90 days after monthly settlement	N/A	N/A	(134,914)	56	
〃	K Laser Technology (USA) Co., Ltd.	A sub-subsidiary of which 79.75% of shares are held by the Company	Sale	494,303	37	Cash received 90 days after monthly settlement	N/A	N/A	163,269	50	
〃	K Laser Technology Japan Co., Ltd.	A sub-subsidiary of which 70% of shares are held by the Company	Sale	105,956	8	Cash received 90 days after monthly settlement	N/A	N/A	31,614	10	
K Laser Technology (Wuxi) Co., Ltd.	Xinguang Laser Co., Ltd.	The original affiliated enterprise that has become a brother company since October 2021	Purchase	(RMB 46,064)	45	Cash payment within 60 days of monthly settlement	N/A	N/A	(RMB 13,540)	48	
〃	K Laser Technology (H.K.) Co., Ltd.	A sister company	Sale	RMB 34,083	24	Cash received 60 days after monthly settlement	N/A	N/A	RMB 6,410	16	

Note: Dongguan Guangzhi Photoelectric Co., Ltd. has not been a related party since November 110. It only discloses the amount and outstanding balance of related party transactions.

K Laser Technology Inc. and Subsidiaries

Receivables from Related Parties Amounting to Over NT$100 Million or 20% of Paid-in Capital

December 31, 2021

Attachment 5

Unit: In Thousands of New Taiwan Dollars

Company recognizing the account as receivables	Counterparty to the transaction	Relation	Balance of receivables from related parties	Turnover	Receivables from related parties due and unpaid		Amount of receivables from related parties that are recovered after the year	Amount of allowance for bad debts allocated on books
					Amount	Treatment method		
Optivision Technology Inc.	Dongguan Guangzhi photoelectric Co., Ltd	One of other related parties	$ 182,959	1.93	$ -	-	$ 85,104	$ 6,250
〃	Ningpo Optivision Technology Co., Ltd.	Subsidiary	146,153	2.13	-	-	54,889	-
K Laser Co., Ltd	K Laser Technology (USA) Co., Ltd.	A sub-subsidiary with 79.95% of its shares indirectly held by the company	163,269	4.05	-	-	40,921	-

K Laser Technology Inc. and Subsidiaries
Information of Reinvested Companies, their Locations, etc.
From January 1 to December 31, 2021

Attachment 6

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

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the year			Profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
				End of the year	End of last year	Number of shares	Ratio%	Book amount			
K Laser Technology Inc.	K Laser China Group Co., Ltd.	British Virgin Islands	Reinvestment in companies	$ 722,454	$ 722,454	21,289,005	100	$ 2,121,577	$ 208,450	$ 169,972	
〃	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment in companies	726,200	703,856	21,161,462	100	743,919	99,315	99,315	
〃	Optivision Technology Inc.	Hsinchu City	Production and sale of optical instruments and electronic parts and components	499,497	514,219	23,614,835	42	574,422	(32,168)	(12,692)	(note 1)
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	97,372	97,372	157,545	49	14,851	(6,190)	(3,033)	
〃	Vicome Corp.	Yunlin County	Manufacturing, processing, purchase and sale of fluorescent pigments and dyes	35,494	35,494	3,021,420	30	137,945	66,897	20,209	
〃	Insight Medical Solutions Inc.	Hsinchu City	R & D and sales of gastrointestinal endoscopy and other businesses	269,813	269,813	8,995,264	45	142,474	(76,734)	(81,270)	
	Guang Feng International Ltd.	Samoa	Reinvestment company	162,463	217,125	4,845,810	100	16,289	30,506	30,506	
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	United States	Sale of holographic products	USD 6,500	USD 6,500	6,500,000	80	USD 8,611	USD 3,193	USD 2,547	
〃	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of holography products	USD 1,839	USD 1,801	9,337,984	83	USD 8,085	USD 366	USD 303	
〃	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacture and sales of holography products	USD 2,946	USD 2,946	677,040	100	USD 1,886	USD 165	USD 165	
〃	K Laser IMEA Co., Ltd.	Mauritius	Reinvestment company	-	USD 2,600	-	-	-	(USD 12)	(USD 12)	(note 2)
〃	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	Sales and agency of holography products	USD 2,297	USD 1,094	-	100	USD 3,507	USD 169	USD 169	
〃	K Laser Technology Japan Co., Ltd.	Japan	Manufacture and sales of holography products	USD 830	USD 830	1,344	70	USD 3,063	USD 618	USD 432	
〃	CIO Tech Ltd.	Cayman Islands	Reinvestment company	USD 750	USD 750	11,000,000	22	USD 541	(USD 300)	(USD 66)	
〃	Amagic Holographics India Private Limited	India	Manufacture and sales of holography products	USD 2,508	USD -	10,915,594	100	USD 420	(USD 33)	(USD 45)	(note 3)
K Laser Technology (Thailand) Co., Ltd.	K Laser Technology (Indonesia) Co., Ltd.	Indonesia	Manufacture and sales of holography products	THB 21,168	THB 21,168	266,000	70	THB 23,332	THB -	THB -	
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Cayman Islands	Reinvestment company	RMB 180,503	RMB 180,503	89,096,401	94	RMB 515,622	RMB 49,005	RMB 48,001	
〃	Holoprint Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 1	RMB 1	1	100	RMB -	RMB -	RMB -	
K Laser China Group Holding Co., Limited	K Laser Technology (Hongkong) Co., Ltd	Hong Kong	Sales and agency of holography products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 4,659	RMB 787	RMB 787	
〃	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 112,440	RMB 72,440	30,000	100	RMB 280,233	RMB 13,019	RMB 12,989	
〃	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment company	RMB 130,106	RMB 130,106	50,000	100	RMB 261,044	RMB 34,879	RMB 34,930	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment in companies	RMB 20,825	RMB 20,825	163,975	51	RMB 3,558	(RMB 1,426)	(RMB 727)	
Holomagic Co., Ltd.	Treasure Access Limited	Hong Kong	Reinvestment in companies	RMB 69,243	RMB 29,243	10,000	100	RMB 277,889	RMB 13,058	RMB 13,058	
Top Band Investment Ltd.	Union Bloom Co., Ltd.	Hong Kong	Reinvestment in companies	RMB 113,329	RMB 113,329	10,000	100	RMB 257,018	RMB 34,913	RMB 34,913	
K Laser IMEA Co., Ltd.	Amagic Holographics India Private Limited	India	Manufacture and sales of holography products	-	USD 2,508	-	-	USD -	USD 12	USD 12	(note 3)

(to be continued)

(continued)

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the year			Profit (loss) of the investee company	Investment gain (loss) recognized for the year	Remark
				End of the year	End of last year	Number of shares	Ratio%	Book amount			
iWin Technology Co., Ltd.	Finity Laboratories	USA	Research and development of holography	USD 700	USD 700	700,000	100	USD 951	(USD 219)	(USD 219)	
Optivision Technology Inc.	Bright Triumph Limited	Mauritius	Reinvestment in companies	242,173	242,173	7,913,767	100	149,461	3,645	3,645	
Insight Medical Solutions Inc.	Insight Medical Solutions Holdings Inc.	Cayman Islands	Reinvestment in companies	USD 2,500	USD 2,500	2,500,000	100	63,029	(6,620)	(6,620)	

Note 1: 10,000,000 ordinary shares of Optivision Technology have been pledged as collateral for the issuance of convertible corporate bonds by K Laser company.

Note 2: K Laser IMEA Co., Ltd. entered the liquidation procedure in May 2021.

Note 3: for the adjustment of the group's investment structure, it is transferred from K Laser IMEA Co., Ltd. to K Laser International Co., Ltd.

Attachment 7

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

1. Name of investee company, main business activities, paid-in capital, investment method, capital remittance, shareholdings, profit or loss of the year, investment gain (loss) recognized, ending book value of investment, investment gain remitted back, and limit of investment in Mainland China:

Name of invested company in Mainland China	Min business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan as of the beginning of the year	Investment amount remitted or recovered in the year		Accumulated investment amount remitted from Taiwan as of the end of the year	Ratio of shares held by the Company through direct or indirect investment%	Investee company's profit (loss) of the year	Investment gain (loss) recognized for the year	Ending book value of investment	Investment gain remitted back to Taiwan as of the end of the year
					Remitted	Recovered						
K Laser Technology (Wuxi) Co., Ltd.	Research, development, production of laser holographic products, electro-optics apparatus and optoelectronic materials	$ 548,817 (RMB 126,339)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	$ 185,179 (USD 6,690)	$ -	$ -	$ 185,179 (USD 6,690)	100	$ 21,520 (RMB 4,954)	$ 21,520 (RMB 4,954)	$ 665,992 (RMB 153,313)	$ 211,957 (RMB 48,793)
K Laser Technology (Dongguan) Co., Ltd.	Production and sale of other polyethylene and rigid polyvinyl chloride films and foils	719,458 (RMB 165,621)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	56,993 (USD 2,059)	-	-	56,993 (USD 2,059)	100	165,572 (RMB 38,115)	165,572 (RMB 38,115)	1,143,788 (RMB 263,303)	708,676 (RMB 163,139)
Dongguan Zhimmei Laser Printing Co., Ltd. (Note 5)	Production and sale of printed paper packaging boxes and laser printed paper	110,068 (RMB 25,338)	Investment in the company in Mainland China through remittance from a third region	59,512 (USD 2,150)	-	-	59,512 (USD 2,150)	-	-	-	-	-
Herui Laser Technology Co., Ltd.	Research, development and production of laser paper, anodized aluminum and other new environmentally-friendly packaging materials and anti-counterfeit products	225,019 (RMB 51,800) (note 1)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	-	-	-	-	49	14,118 (RMB 3,250)	6,916 (RMB 1,592)	170,411 (RMB 39,229)	16,520 (RMB 3,803)
Foshan Donglin packaging material Co., Ltd	Production of tobacco series packaging materials and extension products	115,060 (RMB 26,487) (note 3)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	-	-	-	-	25	(37,358) (RMB - 8,600)	(9,340) (RMB - 2,150)	22,513 (RMB 5,183)	-
Hunan Hexin packaging material Co., Ltd	Mainly engaged in the production, processing and sales of films and cigarette bags, and the segmentation of cigarette paper	80,798 (RMB 18,600) (note 4)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	-	-	-	-	49	18,136 (RMB 4,175)	7,155 (RMB 1,647)	223,981 (RMB 51,561)	-
Xinguang Laser Co., Ltd.	Production of special film coating, decorative film and environmental protection transfer paper	347,520 (RMB 80,000) (note 2)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	-	-	-	-	65	34,769 (RMB 8,004)	3,675 (RMB 846)	359,840 (RMB 82,836)	37,645 (RMB 8,666)
Guangfeng Optoelectronics (Wuxi) Co., Ltd.	Research, development and production of large LCDs, and optical engines and projection tubes for LCDs	188,221 (RMB 43,329)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	97,351 (USD 3,517)	3,848 (USD 139)	-	101,198 (USD 3,656)	45	- USD -	- USD -	41,993 (USD 1,517)	-
Insight Medical Solutions(Wuxi) Inc.	Research, development and sale of endoscopes used in gastrointestinal tracts	69,200 (USD 2,500)	Reinvestment in the company in Mainland China through reinvestments in an existing company in a third region	69,200 (USD 2,500)	-	-	69,200 (USD 2,500)	100	(4,589)	(4,589)	63,054	-
Ningbo Optivision Technology Co., Ltd	Manufacturing, processing and production of brightening film, prism, diffusion film and optical film	145,905 (RMB 33,607)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	145,541 (USD 5,258)	-	-	145,541 (USD 5,258)	100	6,245 (USD 222)	6,245 (USD 222)	79,580 (USD 2,875)	-
Dongguan Guangzhi photoelectric Co., Ltd	R & D and manufacturing of precision components	271,344 (RMB 62,500)	Reinvest in Chinese companies through reinvestment in existing companies in the third region	62,003 (USD 2,240)	-	-	62,003 (USD 2,240)	9	-	-	66,063 (USD 2,387)	-

2. Limit of Investments in Mainland China

Company name	Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	Limit of investment provided by Investment Commission, Ministry of Economic Affairs (note 7)
K Laser	$347,135 (USD 12,541)	$1,694,348 (USD 61,212)（note 6）	$1,608,792
Optivision Technology	$207,545 (USD 7,948)	$236,830 (USD 8,556)	$821,298
IMS	$69,200 (USD 2,500)	$69,200 (USD 2,500)	$80,000

Note 1: including the cash investment of USD 2,512,000 through the third region.

Note 2: It contains the investment in cash USD3,705 thousand through a third region.

Note 3: including 8,253,000 RMB of cash investment from enterprises in the third region.

Note 4: including 48,100,000 RMB of cash investment from enterprises in the third region.

Note 5: The invested equity has been disposed, but an application for cancellation of the amount has not been filed to Investment Commission, MOEA. With the approval of the operation headquarters in accordance with the regulations, the investment amount is not limited to 60% of the net value or NT $80 million.

Note 6: amount of surplus transferred to investment is 11,748,000 USD.

Note 7: With the approval of the operation headquarters in accordance with the regulations, the investment amount is not limited to 60% of the net value or NT $80 million for K Laser.Other companies are limited to 60% of their net worth or NT $80 million, whichever is higher.

3. Material Transactions directly or indirectly with Investee Companies in Mainland China through Entities in a Third Region : Please refer to attachment 4 and 8。
4. Property transaction, and gain or loss on such transactions: None
5. Endorsement, guarantee or collateral provided directly or indirectly for investee companies in Mainland China through entities in a third region: Attachment 2
6. Funds directly or indirectly provided for investee companies in Mainland China through a third region: None
7. Other transactions that have a material impact on the current profit or loss or financial status: None

K Laser Technology Inc. and Subsidiaries
Business Relations and Important Transactions between Parent Company and Subsidiaries
From January 1 to December 31, 2021

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

2021

No.	Name of trader	Transaction object	Relationship with traders	Transactions			
				Subject	Amount	Terms of transaction	of total consolidated revenue or total assetsc
0	K Laser	K Laser (USA)	Parent company to subsidiary	Accounts receivable	$ 163,269	—	2
0	K Laser	K Laser (Japan)	Parent company to subsidiary	Accounts receivable	31,614	—	-
0	K Laser	K Laser (Dongguan)	Parent company to subsidiary	Trade payable	134,914	—	2
0	K Laser	K Laser (Wuxi)	Parent company to subsidiary	Accounts payable	20,608	—	-
0	K Laser	Treasure	Parent company to subsidiary	Accounts payable	31,154	—	-
0	K Laser	K Laser (Dongguan)	Parent company to subsidiary	Purchase	393,771	—	6
0	K Laser	K Laser (Wuxi)	Parent company to subsidiary	Purchase	46,111	—	1
0	K Laser	Treasure	Parent company to subsidiary	Purchase	71,798	—	1
0	K Laser	K Laser (USA)	Parent company to subsidiary	Sale	494,303	—	8
0	K Laser	K Laser (Japan)	Parent company to subsidiary	Sale	105,956	—	2
1	Top Band	K Laser (Dongguan)	Subsidiary to subsidiary	Other receivables	RMB 2,891	—	-
2	K Laser (Dongguan)	Dubai Magic	Subsidiary to subsidiary	Accounts receivable	RMB 3,711	—	-
2	K Laser (Dongguan)	Dubai Magic	Subsidiary to subsidiary	Sale	RMB 6,477	—	-
2	K Laser (Dongguan)	K Laser (Wuxi)	Subsidiary to subsidiary	Sale	RMB 4,016	—	-
2	K Laser (Dongguan)	Herui laser	Subsidiary to subsidiary	Sale	RMB 2,961	—	1
2	K Laser (Dongguan)	K Laser (Korea)	Subsidiary to subsidiary	Sale	RMB 6,325	—	-
2	K Laser (Dongguan)	K Laser (Wuxi)	Subsidiary to subsidiary	Purchase	RMB 2,436	—	-
2	K Laser (Dongguan)	Xinguang Laser	Subsidiary to subsidiary	Purchase	RMB 7,277	—	1
2	K Laser (Dongguan)	Xinguang Laser	Subsidiary to subsidiary	Accounts payable	RMB 15,029	—	1
3	K Laser (Wuxi)	Xinguang Laser	Subsidiary to subsidiary	Accounts payable	RMB 13,540	—	1
3	K Laser (Wuxi)	Xinguang Laser	Subsidiary to subsidiary	Pruchase	RMB 10,969	—	1

(Continued)

(Continued)

No.	Name of trading party	Counterparty to the transaction	Relation with trading party	Transaction details			
				Account	Amount	Transaction conditions	Ratio to total consolidated revenue or total assets%
3	K Laser (Wuxi)	K Laser Hong Kong	Subsidiary to subsidiary	Trade receivables	RMB 6,410	—	-
3	K Laser (Wuxi)	K Laser Hong Kong	Subsidiary to subsidiary	Sale	RMB 34,083	—	2
4	Optivision Technology	Ningpo Optivision	Subsidiary to subsidiary	Trade receivables	$ 146,153	—	2
4	Optivision Technology	Ningpo Optivision	Subsidiary to subsidiary	Sale	281,393	—	3
4	Optivision Technology	K Laser (Dongguan)	Subsidiary to subsidiary	Sale	10,931	—	-
5	Treasure	K Laser (Dongguan)	Subsidiary to subsidiary	Accounts payable	RMB 6,645	—	-
5	Treasure	K Laser (Dongguan)	Subsidiary to subsidiary	Purchase	RMB 10,737	—	1

Note 1: Information of business between the parent company and Subsidiaries shall be indicated in the "No." section. Numbers shall be given as follows:
1.For the Company, please indicate "0."
2.For subsidiaries, number in numerical order from 1 by the type of company.

Note 2: There are 3 types of relations with the counterparty to a transaction. Please indicate the type.
1. Parent company vs subsidiary
2. Subsidiary vs parent company
3. Subsidiary vs subsidiary

Note 3: For calculation of the ratio of transactions to the total revenue or total assets, in case of assets or liabilities, the ratio of the ending balance of such assets or liabilities to the total consolidated assets is calculated instead, and in case of profits or losses, the ratio of the accumulated amount of such profits or losses in the interim to the total consolidated revenue is calculated instead.

Note 4: Whether the transaction details are shown in the form is determined by the Company pursuant to the materiality principle.

K Laser Technology Inc. and Subsidiaries

Information of Main Shareholders

December 31, 2021

Attachment 9

Name of key shareholder	Share	
	Number of shares held	Ratio of shareholding
Kuo Wei-Wu	10,997,756	6.6%
K Laser Technology Inc. (note 3)	10,156,000	6.1%

Note 1: Information of main shareholders contained in the form is the data calculated by Taiwan Depository & Clearing Corporation based on the common shares and preferred shares (including treasury shares) that have been recorded and delivered, without physical substance, by the Company and held by shareholders on the last business day at the end of the current season so as to indicate the shareholders holding over 5% of such shares. The capital stock recorded in the consolidated financial report of the Company may differ from the number of the aforementioned shares recorded and delivered without physical substance because different bases of preparation and calculation are used.

Note 2: If the above information contains any shareholder holding shares through a trust, then trust settlors will be disclosed in their respective accounts under the trust account opened by the trustee. As for a shareholder declaring equity based on the shares more than 10% possessed by the shareholder as an insider in accordance with the Securities and Exchange Act, the shares possessed by the shareholder should contain the shares possessed and the shares in trust and the shares that entitle the shareholder to exercise rights to determine how to use trust property. For information of equity declarations made by insiders, please visit the Market Observation Post System.

Note 3: another 120,000 shares were settled in January 2022.