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

K Laser Technology Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2022 and 2021

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Declaration of Consolidation of Financial Statements of Affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries under International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Company Name: K Laser Technology Inc.

Chairman: Kuo Wei-Wu

March 23, 2023

Independent Auditors' Report

The Board of Directors and Shareholders

K Laser Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of K Laser Technology Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021 and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 the Group for the year ended December 31, 2022. 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 Group's revenue mainly comes from the manufacture of laser holographic films, laser anti-counterfeiting labels, laser papers, precision optical components and optical instruments. In 2022, the revenue derived from sales of optical instruments was significant and the authenticity of sales revenue had a significant impact on the consolidated financial statements; therefore, the above sales revenue was identified as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

Our main audit procedures performed in respect of the aforementioned key audit matter were as follows:

1. We obtained an understanding and tested the internal control procedures over the recognition of sales revenue and evaluated the effectiveness of such controls.
2. We selected samples from the transaction details of major sales customers to verify whether they were consistent with external freight documents, export declarations and original transaction documents.
3. We confirmed the reasonableness of significant sales returns and allowances.

Other Matter

We did not audit the financial statements of some subsidiaries included in the consolidated financial statements of the Group, but such statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of other auditors. As of December 31, 2022 and 2021, the total assets of the aforementioned subsidiaries amounted to NT$248,563 thousand and NT$391,788 thousand, respectively, which accounted for 3.06% and 4.77% of the consolidated total assets, respectively. For the years ended December 31, 2022 and 2021, the net operating revenue of these subsidiaries amounted to NT$237,024 thousand and NT$272,765 thousand, respectively, which accounted for 3.69% and 4.44% 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, 2022 and 2021, investments accounted for using the equity method amounted to NT$153,302 thousand and NT$137,945 thousand, respectively, which accounted for 1.89% and 1.68% of the consolidated total assets, respectively. For the years ended December 31, 2022 and 2021, the share of profit from equity-method investments amounted to NT$16,984 thousand

and NT$20,210 thousand, respectively, which accounted for 6.98% and 4.94% of the consolidated net profit before tax, respectively. Refer to Note 36 to the consolidated financial statements for relevant information on the abovementioned 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, 2022 and 2021 on which we have issued an unqualified opinion with other matter paragraph.

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 the Group 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 the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Group.

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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 the Group.

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 the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine that those matters of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless any law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Huang Yi-Min, CPA

Hsu Wen-Ya, CPA

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

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

March 23, 2023

K Laser Technology Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 1,720,354	21	$ 2,128,842	26
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	315	-	3,134	-
1150	Notes receivable (Notes 4 and 9)	136,977	2	101,895	1
1170	Trade receivables (Notes 4 and 9)	1,252,302	16	1,295,840	16
1180	Trade receivables from related parties (Notes 4, 9 and 32)	-	-	189,050	2
1200	Other receivables (Note 32)	30,700	-	25,710	-
1220	Current tax assets (Notes 4 and 26)	20,706	-	12,413	-
130X	Inventories (Notes 4 and 10)	1,473,174	18	1,408,054	17
1460	Non-current assets held for sale (Notes 4 and 11)	6,735	-	29,865	1
1470	Other current assets (Notes 6, 18 and 33)	419,024	5	324,733	4
11XX	Total current assets	5,060,287	62	5,519,536	67
	Non-current assets				
1510	Financial assets at fair value through other profit or loss - non-current (Notes 4 and 7)	6,161	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	91,861	1	96,045	1
1550	Investments accounted for using the equity method (Notes 4 and 13)	452,191	6	441,409	5
1600	Property, plant and equipment (Notes 4 and 14)	1,684,155	21	1,389,369	17
1755	Right-of-use assets (Notes 4 and 15)	293,025	4	313,064	4
1805	Goodwill (Notes 4, 16 and 29)	42,724	1	42,724	1
1821	Other intangible assets (Notes 4 and 17)	38,190	-	42,307	1
1840	Deferred tax assets (Notes 4 and 26)	29,401	-	20,000	-
1990	Other non-current assets (Notes 6, 18 and 33)	414,850	5	350,720	4
15XX	Total non-current assets	3,052,558	38	2,695,638	33
1XXX	Total assets	$ 8,112,845	100	$ 8,215,174	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Note 19)	$ 513,937	6	$ 747,545	9
2110	Short-term notes and bills payable (Note 19)	99,979	1	159,948	2
2150	Notes payable	327,776	4	268,422	3
2170	Trade payables	709,072	9	639,088	8
2180	Trade payables to related parties (Note 32)	14	-	3,709	-
2200	Other payables (Note 21)	553,342	7	516,737	6
2220	Other payables to related parties (Note 32)	143	-	117	-
2230	Current tax liabilities (Notes 4 and 26)	83,388	1	15,768	-
2280	Lease liabilities - current (Notes 4 and 15)	39,733	1	51,701	1
2399	Other current liabilities	15,631	-	11,373	-
21XX	Total current liabilities	2,343,015	29	2,414,408	29
	Non-current liabilities				
2500	Financial liabilities measured at fair value through profit or loss - non-current (Notes 4 and 7)	1,366	-	855	-
2530	Corporate bonds payable (Note 20)	512,791	6	552,053	7
2540	Long-term borrowings (Note 19)	858,560	11	794,000	10
2580	Lease liabilities - non-current (Notes 4 and 15)	153,231	2	162,844	2
2640	Net defined benefit liabilities - non-current (Notes 4 and 22)	14,812	-	20,158	-
25XX	Total non-current liabilities	1,540,760	19	1,529,910	19
2XXX	Total liabilities	3,883,775	48	3,944,318	48
	Equity (Note 23)				
	Share capital				
3110	Ordinary shares	1,638,061	20	1,659,694	20
3200	Capital reserve	689,968	9	709,559	9
	Retained earnings				
3310	Legal reserve	277,305	3	249,257	3
3320	Special reserve	332,865	4	391,852	5
3350	Unappropriated earnings	379,209	5	294,763	4
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(272,403)	(3)	(373,245)	(5)
3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(26,184)	-	(30,640)	-
3490	Unearned employee benefits	(41,098)	(1)	(72,873)	(1)
3500	Treasury shares	(77,812)	(1)	(147,047)	(2)
31XX	Total equity attributable to the Company	2,899,911	36	2,681,320	33
36XX	Non-controlling interests (Note 23)	1,329,159	16	1,589,536	19
3XXX	Total equity	4,229,070	52	4,270,856	52
	Total liabilities and equity	$ 8,112,845	100	$ 8,215,174	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 23, 2023)

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

K Laser Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

		2022		2021	
Code		**Amount**	**%**	**Amount**	**%**
4000	Operating revenue (Notes 4 and 32)	$ 6,421,806	100	$ 6,146,290	100
5110	Cost of goods sold (Notes 10 and 32)	5,265,148	82	4,908,947	80
5950	Gross profit	1,156,658	18	1,237,343	20
	Operating expenses (Notes 9 and 32)				
6100	Selling and marketing	377,400	6	375,660	6
6200	General and administrative	460,977	7	448,339	7
6300	Research and development	332,296	5	261,625	4
6450	Reversal of expected credit loss	2,343	-	(64,719)	(1)
6000	Total operating expenses	1,173,016	18	1,020,905	16
6900	Profit (loss) from operations	(16,358)	-	216,438	4
	Non-operating income and expenses				
7060	Share of profit or loss of associates accounted for using the equity method (Note 13)	5,562	-	25,137	-
7100	Interest income (Note 32)	18,649	-	19,724	-
7130	Dividend income	-	-	1,031	-
7190	Other income (Note 32)	57,014	1	46,908	1
7225	Gain on disposal of investments	8,807	-	209,269	3
7226	Gain from sale and leaseback transactions (Notes 14 and 15)	281,814	4	-	-
7230	Gain (loss) on foreign exchange	159,201	3	(2,599)	-
7235	Gain (loss) on financial assets (liabilities) at fair value through profit or loss	(3,988)	-	4,594	-
7510	Interest expense	(35,459)	(1)	(31,678)	-
7590	Miscellaneous expense	(131,350)	(2)	(32,572)	-
7610	Disposal of property, plant and equipment	(7,298)	-	(4,154)	-

(continued)

Code		2022 Amount	2022 %	2021 Amount	2021 %
7670	Impairment loss	($ 93,382)	(1)	($ 43,028)	(1)
7000	Total non-operating income and expenses	259,570	4	192,632	3
7900	Profit before tax	243,212	4	409,070	7
7950	Income tax expense (Notes 4 and 26)	(131,283)	(2)	(66,996)	(1)
8200	Profit for the year	111,929	2	342,074	6
	Other comprehensive income (loss) (Note 23)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	5,343	-	(1,297)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(4,793)	-	(4,487)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	115,520	2	(96,373)	(2)
8370	Share of other comprehensive income (loss) of associates accounted for using the equity method	4,415	-	(2,332)	-
8300	Total other comprehensive income (loss)	120,485	2	(104,489)	(2)
8500	Total comprehensive income for the year	$ 232,414	4	$ 237,585	4
	Net profit (loss) attributed to				
8610	Owners of the Company	$ 277,279	4	$ 363,725	6
8620	Non-controlling interests	(165,350)	(2)	(21,651)	-
8600		$ 111,929	2	$ 342,074	6
	Total comprehensive income (loss) attributed to				
8710	Owners of the Company	$ 386,926	6	$ 275,922	5
8720	Non-controlling interests	(154,512)	(2)	(38,337)	(1)
8700		$ 232,414	4	$ 237,585	4
	Earnings per share (Note 27)				
	From continuing operations				
9710	Basic	$ 1.82		$ 2.42	
9810	Diluted	$ 1.50		$ 2.14	

(concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 23, 2023)

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

K Laser Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Shareholders of the Company										
				Retained Earnings			Other Equity					
Code		Ordinary Shares	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Treasury Shares	Non-controlling Interests	Total Equity
A1	Balance at January 1, 2021	$ 1,593,246	$ 585,347	$ 213,042	$ 200,987	$ 384,752	($ 287,085)	($ 30,403)	$ -	($ 118,736)	$ 1,424,774	$ 3,965,924
	Appropriation and distribution of 2020 earnings (Note 23)											
B1	Legal reserve	-	-	36,215	-	(36,215)	-	-	-	-	-	-
B3	Special reserve	-	-	-	190,931	(190,931)	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(225,344)	-	-	-	-	-	(225,344)
C5	Equity component of convertible bonds issued by the Company	-	20,280	-	-	-	-	-	-	-	-	20,280
D1	Net profit (loss) for the year ended December 31, 2021	-	-	-	-	363,725	-	-	-	-	(21,651)	342,074
D3	Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,297)	(86,277)	(229)	-	-	(16,686)	(104,489)
I1	Conversion of corporate bonds into ordinary shares	16,448	12,704	-	-	-	-	-	-	-	-	29,152
L1	Buy-back of treasury shares (Note 23)	-	-	-	-	-	-	-	-	(28,311)	-	(28,311)
M5	Difference between consideration received or paid and carrying amount of subsidiaries' net assets during actual acquisition or disposal	-	23,036	-	(66)	73	117	(8)	-	-	17,728	40,880
M7	Changes in percentage of ownership interests in subsidiaries	-	29,279	-	-	-	-	-	-	-	-	29,979
N1	Issuance of restricted shares for employees (Note 28)	50,000	38,913	-	-	-	-	-	(88,913)	-	-	-
N1	Compensation cost of restricted shares for employees (Note 28)	-	-	-	-	-	-	-	16,040	-	-	16,040
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	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
	Appropriation and distribution of 2021 earnings (Note 23)											
B1	Legal reserve	-	-	28,048	-	(28,048)	-	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	(58,987)	58,987	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	(228,121)	-	-	-	-	-	(228,121)
D1	Net profit (loss) for the year ended December 31, 2022	-	-	-	-	277,279	-	-	-	-	(165,350)	111,929
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	5,343	100,842	3,462	-	-	10,838	120,485
I1	Conversion of corporate bonds into ordinary shares	24,317	18,853	-	-	-	-	-	-	-	-	43,170
L1	Buy-back of treasury shares (Note 23)	-	-	-	-	-	-	-	-	(7,482)	-	(7,482)
L3	Cancellation of treasury shares (Note 23)	(45,950)	(30,767)	-	-	-	-	-	-	76,717	-	-
M5	Difference between consideration received or paid and carrying amount of subsidiaries' net assets during actual acquisition or disposal	-	-	-	-	-	-	-	-	-	-	-
M7	Changes in percentage of ownership interests in subsidiaries	-	(7,677)	-	-	-	-	-	-	-	-	(7,677)
N1	Compensation cost of restricted shares for employees (Note 28)	-	-	-	-	-	-	-	31,775	-	-	31,775
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	(105,865)	(105,865)
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 23)	-	-	-	-	(994)	-	994	-	-	-	-
Z1	Balance at December 31, 2022	$ 1,638,061	$ 689,968	$ 277,305	$ 332,865	$ 379,209	($ 272,403)	($ 26,184)	($ 41,098)	($ 77,812)	$ 1,329,159	$ 4,229,070

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 23, 2023)

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

K Laser Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Code		2022	2021
	Cash flows from operating activities		
A10000	Profit before tax	$ 243,212	$ 409,070
A20010	Adjustments for:		
A20100	Depreciation expense	257,715	223,916
A20200	Amortization expense	5,740	5,963
A20300	Expected credit loss (reversed)	2,343	(64,719)
A20400	Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	3,988	(4,594)
A20900	Interest expense	35,459	31,678
A21200	Interest income	(18,649)	(19,724)
A21300	Dividend income	-	(1,031)
A21900	Compensation cost of share-based payments	31,931	16,575
A22300	Share of (profit) loss of associates and joint ventures accounted for using the equity method	(5,562)	(25,137)
A22500	Loss on disposal and write-down of property, plant and equipment	7,298	4,154
A23100	Gain on disposal of investments	(8,807)	(209,269)
A23500	Impairment loss recognized on financial assets	5,150	-
A23700	Impairment loss recognized on non-financial assets	88,232	43,028
A23800	Loss on inventory valuation and obsolescence	32,150	21,138
A29900	Gain on lease modification	(54)	-
A29900	Gain from sale and leaseback transactions	(281,814)	-
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(35,082)	(5,102)
A31150	Trade receivables	34,037	(242,003)
A31160	Trade receivables from related parties	195,300	486,099
A31180	Other receivables	(1,567)	25,165
A31200	Inventories	(97,270)	(344,953)
A31240	Other current assets	(94,292)	(75,843)
A31990	Other non-current assets	5,696	1,465
A32130	Notes payable	59,354	11,396
A32150	Trade payables	69,984	63,432
A32160	Trade payables to related parties	(3,695)	(39,827)
A32180	Other payables	27,437	70,758

(continued)

Code		2022	2021
A32190	Other payables to related parties	$ 26	($ 1,636)
A32230	Other current liabilities	4,259	(13,371)
A32240	Net defined benefit liabilities - non-current	(3)	(27)
A33000	Cash generated from operations	562,516	366,601
A33100	Interest received	18,649	19,724
A33300	Interest paid	(31,246)	(28,572)
A33500	Income tax paid	(81,358)	(72,779)
AAAA	Net cash generated from operating activities	468,561	284,974
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(5,615)	-
B00030	Refund from capital reduction of financial assets at fair value through other comprehensive income	3,000	9,000
B00100	Acquisition of financial assets at fair value through profit or loss	(6,818)	(19,493)
B00200	Disposal of financial assets at fair value through profit or loss	-	47,688
B00200	Disposal of financial assets at fair value through other comprehensive income	2,006	8,688
B01800	Acquisition of long-term investments accounted for using the equity method	-	(3,924)
B02200	Acquisition of subsidiaries (after deducting cash received)	-	(135,253)
B02600	Proceeds from disposal of assets	27,705	237,238
B02700	Purchase of property, plant and equipment	(600,253)	(352,182)
B02800	Proceeds from disposal of property, plant and equipment, and right-of-use assets	342,110	14,371
B03700	Decrease (increase) in refundable deposits	1,510	(1,590)
B04100	Decrease in other receivables	6,950	7,660
B04500	Purchase of intangible assets	(1,624)	(3,598)
B06600	Increase in other financial assets	(74,440)	(44,832)
B07100	Increase in prepayments for equipment	(45,669)	-
B07600	Dividends received	6,043	8,275
BBBB	Net cash used in investing activities	(345,095)	(227,952)
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	(233,608)	(157,329)
C00500	Decrease in short-term bills payable	(60,000)	(140,000)
C01200	Issuance of corporate bonds	-	600,700
C01600	Proceeds from long-term borrowings	461,960	650,000
C01700	Repayments of long-term borrowings	(397,400)	(1,206,000)

(continued)

Code		2022	2021
C04500	Issuance of cash dividends	($ 228,121)	($ 225,344)
C04800	Exercise of employee share options	20,700	833
C04900	Payments for buy-back of treasury shares	(7,482)	(28,311)
C05400	Acquisition of additional interests in subsidiaries	-	(1,074)
C05500	Proceeds from sale of investment in subsidiaries	-	43,332
C05800	Change in non-controlling interests	(115,119)	21,868
C04020	Repayment of the principal portion of lease liabilities	(54,187)	(59,643)
CCCC	Net cash used in financing activities	(613,257)	(500,968)
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents	81,303	(57,023)
EEEE	Net decrease in cash and cash equivalents in the current period	(408,488)	(500,969)
E00100	Cash and cash equivalents at the beginning of the year	2,128,842	2,629,811
E00200	Cash and cash equivalents at the end of the year	$ 1,720,354	$ 2,128,842

(concluded)

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

(With Deloitte & Touche auditors' report dated March 23, 2023)

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

K Laser Technology Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General information

K Laser Technology Inc. ("K Laser" or the "Company") was incorporated in Hsinchu Science Park in April 1988. Its main business activities include research and development, production, manufacturing, and sales of laser holographic packaging materials as well as import and export trade of optical instruments. The Company's shares were listed on the Taipei Exchange (TPEx) on December 9, 1999, and have subsequently been traded on the Taiwan Stock Exchange (TWSE) since September 17, 2001.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

2. Approval of financial statements

The consolidated financial statements were approved by the board of directors on March 23, 2023.

3. Application of new, amended and revised standards and interpretations

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

(2) The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments are applied prospectively to transactions that occur on or after January 1, 2022.

Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective 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”	To be determined by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for

annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control (under the definition of IFRS 3 Business Combinations), the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture (not under the definition of IFRS 3 Business Combinations), the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3) Level 3 inputs are unobservable inputs for the asset or liability.

(3) Classification of current and non-current assets and liabilities

Current assets include:
1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within twelve months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than twelve months after the reporting period.

Current liabilities include:
1) Liabilities held primarily for the purpose of trading;
2) Liabilities expected to be settled within twelve months after the reporting period; and
3) Liabilities without an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 12 and Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

(5) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are expensed and generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. Other types of non-controlling interests are measured at fair value.

(6) Foreign currency

In preparing the Group’s consolidated financial statements, transactions in currencies other than the Company’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency on the date of transaction.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations including subsidiaries and associates in other countries that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company’s entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(7) Inventories

Inventories consist of merchandise, raw materials, finished goods and work in progress and are stated at the lower of cost or net realizable value. The comparison between cost and net realizable value is based on individual item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

(8) Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group’s ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, the profit and loss resulting from upstream and downstream transactions with the associate are recognized in the Group’s consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(9) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the expected useful life, it should account for depreciation during the lease term. The Group reviews the estimated useful lives, residual values and depreciation methods at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

(11) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(12) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

(13) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

(14) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Type of measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value and any remeasurement gains and losses on such financial assets (including dividends and interests) are recognized in other gains and losses. Fair value is determined in the manner described in Note 31.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or between 3 to 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group’s own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL. Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

(2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument’s maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

(15) Liability provisions

The amount is measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provision for liabilities is based on the discounted value of estimated cash flows for settlement obligations.

(16) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of holography and optoelectronic products. Sales of goods are recognized as revenue when the goods are shipped or delivered to the place designated by the customers, because it is the time when the customer has control over the goods and the performance obligation is satisfied.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(17) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(18) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(19) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

(20) Employee benefits

1. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

(21) Share-based payment arrangements

The fair value at the grant date of the employee share options/restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options/other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options/other equity - unearned employee benefits.

(22) Treasury shares

When the Group buys back its shares as treasury shares, the cost of payment is debited to the treasury shares and recognized as a reduction in shareholders' equity. The transfer of treasury shares to employees is in accordance with IFRS 2 Share-based Payment. When canceling treasury shares, credit treasury shares and debit capital surplus - share premium and share capital according to the proportion of ownership. If the carrying amount of the treasury shares is higher than the sum of the face value and share premium, the difference is offset against the capital surplus generated by the same type of treasury shares. If there is not enough, it will be debited from retained earnings. Conversely, the difference is credited to the capital surplus generated by the same type of treasury share transactions. The carrying amount of treasury shares is calculated using the weighted-average method.

(23) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty – impairment of property, plant and equipment

Impairment of equipment in relation to the production is evaluated based on the recoverable amount of the assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 30,142	$ 25,451
Bank checks and demand deposits	1,362,052	1,379,197
Cash equivalents		
Time deposits	328,160	724,194
	$ 1,720,354	$ 2,128,842

(1) The market rate intervals of bank deposits on the balance sheet date were as follows (the interest rate for checking deposits was 0%):

	December 31, 2022	December 31, 2021
Demand deposits	0.001%-1.05%	0.001%-0.3%
Time deposits	0.002%-4.65%	0.02%-2.85%

(2) Other bank deposits of the Group were reclassified as other current assets and other non-current assets as follows:

	December 31, 2022	December 31, 2021
Other current assets (Note 18)		
Guarantee deposits for bank acceptances	$ 158,987	$ 86,380
Guarantee deposits for land lease of Hsinchu Science Park	-	5,000
Bank's short-term loan guarantee	95,527	112,934
	$ 254,514	$ 204,314
Other non-current assets (Note 18)		
Guarantee deposits for land lease of Hsinchu Science Park	$ 5,000	$ 5,000
Bank's long-term loan guarantee	58,349	-
Customs bonds	2,646	2,606
Issuance of guaranteed bonds	189,368	173,277
	$ 255,363	$ 180,883

7. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatorily measured at FVTPL		
Derivatives (not under hedge accounting)		

(continued)

	December 31, 2022	December 31, 2021
Redemption right of convertible bonds (Note 20)	$ 315	$ 3,134
Hybrid financial assets		
Corporate bonds	6,161	-
Financial assets at FVTPL	$ 6,476	$ 3,134
Current	315	3,134
Non-current	6,161	-
	$ 6,476	$ 3,134
Financial liabilities held for trading - non-current		
Derivatives (not under hedge accounting)		
Convertible option of corporate bonds (Note 20)	$ 1,366	$ 855

(concluded)

8. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	December 31, 2022	December 31, 2021
Non-current		
Domestic investments - unlisted shares		
CDIB Capital Healthcare Ventures Corporation	$ 33,317	$ 26,726
Mega Plastic Industry Co., Ltd.	-	2,007
Aether Precision Technology Inc.	1,673	1,249
Foreign investments - unlisted shares		
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	51,256	66,063
Foodfab Group Limited	5,615	-
	$ 91,861	$ 96,045

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. Notes receivable and trade receivables

	December 31, 2022	December 31, 2021
Notes receivable		
At amortized cost		
Gross carrying amount	$ 136,977	$ 101,895
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,325,028	$ 1,396,178
Less: loss allowance	(72,726)	(100,338)
	$ 1,252,302	$ 1,295,840
Trade receivables from related parties (Note 32)		
At amortized cost		
Gross carrying amount	$ -	$ 195,300
Less: loss allowance	-	(6,250)
	$ -	$ 189,050
Overdue receivables		
Overdue receivables	$ 7,705	$ 7,705
Less: loss allowance	(7,705)	(7,705)
	$ -	$ -

(1) Notes receivable

As of December 31, 2022 and 2021, the Group's notes receivable were not overdue.

(2) Trade receivables

The average credit period on sales of goods is 90 to 150 days after month closing. No interest was charged on accounts receivable. The Group continues to monitor its exposure and credit ratings of counterparties. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The expected credit loss rates are estimated based on past due days of the accounts receivable.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. When recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

	December 31, 2022	December 31, 2021
Not overdue	$ 1,036,875	$ 1,319,128
1 to 60 days	175,547	158,617
61 to 90 days	35,043	32,096
91 to 180 days	36,787	34,555
181 to 360 days	5,334	12,046
Over 361 days	35,442	35,036
Total	$ 1,325,028	$ 1,591,478

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Balance at January 1	$ 106,588	$ 142,710
Add: From business combination	-	39,500
Add: Expected credit loss (reversed)	2,343	(64,719)
Less: Amounts written off	(37,114)	(10,923)
Foreign exchange gains and losses	909	20
Balance at December 31	$ 72,726	$ 106,588

As of December 31, 2021, the overdue receivables which the counterparties have been under liquidation or experiencing financial difficulties amounted to $7,705 thousand. The Group has gone through legal procedures to collect the overdue receivables and set aside an allowance for bad debts.

In January 2021, the Group exchanged trade receivables of Boxlight Corporation which had a carrying amount of US$1,626 thousand (US$1,983 thousand less provision for impairment loss of US$357 thousand) for 793,000 shares of Boxlight Corporation and recorded it as non-current assets held for sale.

10. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 833,859	$ 851,493
Work in process	50,996	62,669
Raw materials	441,770	377,117
Merchandise	146,549	116,775
	$ 1,473,174	$ 1,408,054

The cost of goods sold for the years ended December 31, 2022 and 2021 amounted to $5,267,465 thousand and $4,908,947 thousand, respectively.

The cost of goods sold for the years ended December 31, 2022 and 2021 included loss on inventory write-down in the amounts of $32,150 thousand and $21,138 thousand, respectively.

11. Non-current assets held for sale

	December 31, 2022	December 31, 2021
Foreign investment - Boxlight Corporation	$ 6,735	$ 29,865

The Group disposed of the investment after the resolution was passed by the board of directors and conducted an impairment assessment in accordance with relevant accounting policies. As the carrying amount was less than the fair value, it was reclassified based on the carrying amount as non-current assets held for sale and presented separately in the consolidated balance sheets.

The Group has performed an impairment test on the abovementioned equity investment in accordance with relevant accounting policies and recognized a loss of $5,150 thousand which was presented under impairment loss. As of December 31, 2022, the fair value of equity held by the Group was $6,747 thousand.

12. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2022	Proportion of Ownership December 31, 2021
The Company	K Laser International Co., Ltd.	Reinvestment business	100%	100%
The Company	K Laser China Group Co., Ltd.	Reinvestment business	100%	100%
The Company	Optivision Technology Inc. (Note 1）	R&D and manufacturing of precision optical components	45%	42%
The Company	Insight Medical Solutions Inc.	R&D and sales of gastrointestinal endoscopy and other businesses	41%	45%
The Company	Guang Feng International Ltd.	Reinvestment business	100%	100%
The Company and China Group Holding	iWin Technology Co., Ltd.	Reinvestment business	100%	100%
International	K Laser Technology (Korea) Co., Ltd.	Manufacture and sales of holographic products	100%	100%
International	K Laser Technology (Thailand) Co., Ltd.	Manufacture and sales of holographic products	83%	83%
International	K Laser Technology (USA) Co., Ltd.	Sales of holographic products	80%	80%
International	Amagic Technologies U.S.A. (Dubai)	Sales agent for holographic products	100%	100%
International	K Laser Technology Japan Co., Ltd.	Manufacture and sales of holographic products	70%	70%
International	Amagic Holographics India Private Limited	Manufacture and sales of holographic products	100%	100%
Treasure	Jiangsu Sunderray Laser Packing Material Co., Ltd.（Note 2）	Manufacture and sales of holographic products	65%	65%
China Group	K Laser China Group Holding Co., Limited	Reinvestment business	93.78%	93.78%
China Group Holding	K Laser Technology (H.K.) Co., Ltd.	Sales agent for holographic products	100%	100%
China Group Holding	Holomagic Co., Ltd.	Reinvestment business	100%	100%
China Group Holding	Top Band Investment Ltd	Reinvestment business	100%	100%
Holomagic	Treasure Access Limited	Reinvestment business	100%	100%
Top Band	Union Bloom Limited	Reinvestment business	100%	100%
Optivision Technology Inc.	Bright Triumph Limited	Reinvestment business	100%	100%
Bright Triumph Limited	Ningbo Optivision Technology Co., Ltd.	Optical film processing	100%	100%
Treasure	K Laser Technology (Wuxi) Co., Ltd.	Manufacture and sales of holographic products	100%	100%
Treasure	Herui Laser Technology Co., Ltd.	Manufacture and sales of holographic products	49%	49%
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Jiangyin Teruida Packing Technology Co., Ltd.（Note 2）	Manufacture and sales of holographic products	100%	100%

(continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2022	December 31, 2021
Union	K Laser Technology (Dongguan) Co., Ltd.	Manufacture and sales of holographic products	100%	100%
iWin	Finity Laboratories	Manufacture and sales of holographic products	100%	100%
Insight Medical Solutions Inc.	Insight Medical Solutions Holdings Inc.	Reinvestment business	(Liquidated)	100%
IMS Holding	Glory Group Medical (Wuxi) Co., Ltd.	R&D and sales of gastrointestinal endoscopy and other businesses	(Note 3)	(Note 3)
Insight Medical Solutions Inc.	Glory Group Medical (Wuxi) Co., Ltd.	R&D and sales of gastrointestinal endoscopy and other businesses	100%	100%
K Laser Technology (Thailand) Co., Ltd.	K Laser Technology (Indonesia) Co., Ltd.	Manufacture and sales of holographic products	70%	70%

(concluded)

Note 1: The equity held in Optivision Technology Inc. already considered the impact of buy-back of treasury shares.

Note 2: Jiangyin Teruida Packing Technology Co., Ltd. was established on September 3, 2003. It is mainly engaged in the research, development of aluminized papers, laser transfer papers, composite papers and other high-grade papers. Its parent company, Jiangsu Sunderray Laser Packing Material Co., Ltd., was established on August 3, 2001. Jiangsu Sunderray Laser Packing Material Co., Ltd. is mainly engaged in the research, development, production and sales of special film coatings, decorative films and composite papers. The Group acquired 31.75% equity at a consideration of RMB40,000 thousand from non-related party in October 2021, which increased the Group's shareholding to 65% and gained control of the company. Therefore, it had been accounted for as a subsidiary in the consolidated financial statements.

Note 3: In order to adjust the Group's investment structure, IMS Holding's business was transferred to Insight Medical Solutions Inc. Among the subsidiaries included in the consolidated financial statements, we did not audit the financial statements of K Laser China Group Co., Ltd., K Laser Technology (H.K.) Co., Ltd., K Laser International Co., Ltd. and Amagic Technologies U.S.A (Dubai) for the years ended December 31, 2022 and 2021, as well as the financial statements of Insight Medical Solutions Inc. for the year ended December 31, 2021; they were audited by other auditors whose reports have been furnished to us. As of December 31, 2022 and 2021, the total assets of these subsidiaries amounted to NT$248,563 thousand and NT$391,788 thousand, respectively; for the years ended December 31, 2022 and 2021, the net operating revenue of these subsidiaries amounted to NT$237,024 thousand and NT$272,765 thousand, respectively.

(2) Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights (Note) December 31, 2022	Proportion of Ownership and Voting Rights (Note) December 31, 2021
Optivision Technology Inc.	Hsinchu City	55%	58%

Note: Already considered the impact of buy-back of treasury shares.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests 2022	Profit (Loss) Allocated to Non-controlling Interests 2021	Accumulated Non-controlling Interests December 31, 2022	Accumulated Non-controlling Interests December 31, 2021
Optivision Technology Inc.	($ 169,178)	($ 19,414)	$ 529,258	$ 794,462

The summarized financial information below represents amounts before intragroup eliminations.

Optivision Technology Inc. and subsidiaries

	December 31, 2022	December 31, 2021
Current assets	$ 596,656	$ 1,606,649
Non-current assets	542,701	385,418
Current liabilities	(182,224)	(593,505)
Non-current liabilities	(1,829)	(29,732)
Equity	$ 955,304	$ 1,368,830

	2022	2021
Revenue	$ 953,035	$ 1,726,892
Net loss from continuing operations	($ 304,706)	($ 32,168)
Loss for the year	(304,706)	(32,168)
Other comprehensive loss for the year	(12,716)	(7,687)
Total comprehensive loss for the year	($ 317,422)	($ 39,855)
Cash inflow (outflow) from		
Operating activities	$ 162,897	$ 316,434
Investing activities	(348,221)	(114,395)
Financing activities	(302,501)	(405,178)
Foreign exchange differences	1,931	(623)
Net cash outflow	($ 485,894)	($ 203,762)

13. Investments accounted for using the equity method

(1) Investments in associates

Name of Associate	Nature of Activities	Principal Place of Business	December 31, 2022 Carrying Amount	December 31, 2022 Proportion of Ownership (%)	December 31, 2021 Carrying Amount	December 31, 2021 Proportion of Ownership (%)
Immaterial associates						
Vicome Corp.	Manufacture, processing and trading of fluorescent pigments and dyes	Yunlin County	$ 153,302	30	$ 137,945	30
Guang Feng (Wuxi) Co., Ltd.	Manufacture and sale of optical instruments	Mainland China	31,812	45	41,993	45
Foshan Donglin Packaging Material Co., Ltd.	Production of cigarette packaging materials and extended products	Mainland China	23,756	25	22,513	25
Hunan Hexin Packaging Material Co., Ltd.	Production, processing and sales of film and cigarette packs, and the segmentation of cigarette papers	Mainland China	227,479	49	223,980	49
CIO Tech Ltd.	Investment holding	Cayman Islands	15,842	22	14,978	22
			$ 452,191		$ 441,409	

(2) Aggregate information of associates that are not individually material

	2022	2021
The Group's share of:		
Profit from continuing operations	$ 5,562	$ 25,137
Other comprehensive income (loss)	4,415	(2,332)
Total comprehensive income for the year	$ 9,977	$ 22,805

The Group's share of profit or loss and other comprehensive income or loss accounted for using the equity method were recognized based on the audited financial statements of the associates for the same periods. We did not audit the financial statements of certain associates, but such statements were audited by other auditors. As of December 31, 2022 and 2021, the amounts of investments in equity-method associates were NT$153,302 thousand and NT$137,945 thousand, respectively; for the years ended December 31, 2022 and 2021, the share of profit of equity-method associates amounted to NT$16,984 thousand and NT$20,210 thousand, respectively.

14. Property, plant and equipment

	December 31, 2022	December 31, 2021
Land	$ 388,415	$ 89,964
Buildings	397,688	482,609
Machinery equipment	501,385	502,638
Other equipment	324,948	215,823
Unfinished construction and equipment	71,719	98,335
	$ 1,684,155	$ 1,389,369

	Land	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
Cost						
Balance at January 1, 2022	$ 92,515	$ 1,236,136	$ 1,983,501	$ 769,036	$ 98,335	$ 4,179,523
Additions	263,049	16,992	155,647	94,765	58,937	589,390
Disposals	-	(221,326)	(86,363)	(58,166)	-	(365,855)
Reclassification	29,000	1,467	6,189	95,720	(86,057)	46,319
Net foreign exchange differences	6,397	18,184	25,549	8,974	504	59,608
Balance at December 31, 2022	$ 390,961	$ 1,051,453	$ 2,084,523	$ 910,329	$ 71,719	$ 4,508,985
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ 2,551	$ 753,527	$ 1,480,863	$ 553,213	$ -	$ 2,790,154
Depreciation expenses	-	41,773	90,193	67,674	-	199,640
Impairment losses	-	-	85,671	2,561	-	88,232
Disposals	-	(150,217)	(76,906)	(56,560)	-	(283,683)
Reclassification	-	-	(15,259)	12,763	-	(2,496)
Net foreign exchange differences	(5)	8,682	18,576	5,730	-	32,983
Balance at December 31, 2022	$ 2,546	$ 653,765	$ 1,583,138	$ 585,381	$ -	$ 2,824,830
Carrying amount at December 31, 2022	$ 388,415	$ 397,688	$ 501,385	$ 324,948	$ 71,719	$ 1,684,155
Cost						
Balance at January 1, 2021	$ 105,670	$ 1,013,820	$ 1,744,952	$ 619,580	$ 105,828	$ 3,589,850
Acquisitions through business combinations	-	221,081	149,287	86,658	34,841	491,867
Additions	-	36,133	145,293	74,438	102,684	358,548
Disposals	-	(154)	(47,404)	(19,955)	(3,396)	(70,909)
Reclassification	-	(13,253)	29,998	12,726	(140,991)	(111,520)
Net foreign exchange differences	(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

(continued)

	Land	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ 2,676	$ 639,217	$1,339,545	$ 477,037	$ -	$2,458,475
Acquisitions through business combinations	-	98,137	121,860	46,092	-	266,089
Depreciation expenses	-	35,214	87,233	49,986	-	172,433
Disposals	-	(132)	(33,683)	(18,569)	-	(52,384)
Reclassification	-	(8,473)	(2,525)	2,536	-	(8,462)
Net foreign exchange differences	(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
Carrying amount at December 31, 2021	$ 89,964	$ 482,609	$ 502,638	$ 215,823	$ 98,335	$1,389,369

(concluded)

(1) The Group’s property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Housing and construction	25 to 50 years
Ancillary equipment	2 to 10 years
Machinery equipment	2 to 10 years
Other equipment	2 to 11 years

(2) On December 31, 2022 and 2021, the following property, plant, and equipment of the Group were pledged to banks as guarantee for loans:

	December 31, 2022	December 31, 2021
Land	$ 63,955	$ 33,747
Housing and construction	171,117	288,900
	$ 235,072	$ 322,647

(3) The board of directors of Optivision Technology Inc. approved the purchase of land on November 9, 2021; the total transaction price amounted to $290,000 thousand. As of December 31, 2021, $29,000 thousand had been repaid which was classified as non-current assets. The abovementioned land was repaid in full and transferred in June 2022, and reclassified as property, plant and equipment.

(4) In January 2022, the board of directors resolved to dispose of property, plant and equipment, and right-of-use assets of K Laser Technology (Dongguan) Co., Ltd.; the sales price was RMB100,000 thousand (tax inclusive). The abovementioned property, plant and equipment, and right-of-use assets were transferred in November 2022 and leased back for immediate use. Refer to Note 15 for more detailed information on lease agreements.

(5) The Group assessed that the future economic benefits of some machinery and other equipment had decreased, resulting in the recoverable amount to be less than the carrying amount. The review led to the recognition of impairment loss of $88,232 thousand in 2022, of which the impairment loss of Optivision Technology Inc. amounted to $78,335 thousand. The recoverable amount of the aforementioned equipment was determined based on asset's fair value less costs of disposal. The fair value is determined using market approach and cost approach. The main assumptions include estimated sales price, economic depreciation, functional and physical depreciation, as well as Level 2 and 3 of fair value measurements.

15. Lease arrangements

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount		
Land	$ 227,315	$ 229,861
Buildings	55,739	67,731
Machinery equipment	5,351	7,516
Transportation equipment	4,620	7,956
	$ 293,025	$ 313,064

	2022	2021
Additions to right-of-use assets	$ 46,930	$ 31,782
Depreciation charge for right-of-use assets		
Land	$ 15,125	$ 11,041
Buildings	37,135	34,140
Machinery equipment	1,870	2,100
Transportation equipment	3,945	4,202
	$ 58,075	$ 51,483

Except for the above additions and depreciation charge, there was no significant sublease or impairment of the Group's right-of-use assets for the years ended December 31, 2022 and 2021.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount		
Current	$ 39,733	$ 51,701
Non-current	$ 153,231	$ 162,844

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Land	1.5%-3.63%	1.4%-3.63%
Buildings	1.45%-5.5%	1.5%-5.5%
Machinery equipment	1.5%	1.5%
Transportation equipment	1.5%-1.85%	1.5%-2.36%

(3) Material leasing activities and terms

In order to revitalize assets and strengthen the financial structure of the Group, the right-of-use assets (land use rights), houses and buildings of K Laser Technology (Dongguan) Co., Ltd. located in Dalingshan town, Dongguan City were sold to non-related parties in November 2022 for RMB100,000 thousand (tax inclusive); they will be leased back for 2 years. The annual lease payment of RMB9,600 thousand was included the sales price. The Group calculated the rights transferred to non-related parties according to the leaseback ratio, and recognized $15,154 thousand (RMB3,441 thousand) of right-of-use assets, $281,814 thousand (RMB63,995 thousand) of gain on leaseback transactions, $50,293 thousand (RMB11,421 thousand) of land value-added tax and 15% corporate income tax.

(4) Other lease information

	2022	2021
Expenses relating to short-term leases	$ 24,664	$ 26,980
Expenses relating to low-value asset leases	$ 295	$ 1,448
Total cash outflow for leases	($ 84,539)	($ 92,742)

The Group has elected to apply the recognition exemption for short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

On December 31, 2022 and 2021, the following right-of-assets of the Group had been pledged in banks as collateral for the issuance of bank acceptances:

	December 31, 2022	December 31, 2021
Land	$ 4,806	$ 79,604

16. Goodwill

	December 31, 2022	December 31, 2021
Cost		
Balance at January 1	$ 85,752	$ 85,752
Balance at December 31	$ 85,752	$ 85,752
Accumulated impairment losses		
Balance at January 1	$ 43,028	$ -
Impairment loss recognized	-	43,028
Balance at December 31	$ 43,028	$ 43,028
Carrying amount at December 31	$ 42,724	$ 42,724

On December 23, 2019, the Group acquired control of Insight Medical Solutions Inc. and recognized goodwill amounting to $85,752 thousand, which was mainly due to the expected growth of capsule endoscopy products in Taiwan. In 2021, the Group assessed that recoverable amount of the abovementioned company was less than its carrying amount, and recognized a loss on goodwill of $43,028 thousand.

The recoverable amount of Insight Medical Solutions Inc. was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 14.7%. The cash flows beyond that 5-year period have been extrapolated using a 2% per annum growth rate. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

17. Other intangible assets

	December 31, 2022	December 31, 2021
Carrying amount		
Computer software	$ 2,692	$ 3,850
Professional expertise	35,498	38,457
	$ 38,190	$ 42,307

	2022	2021
Cost		
Balance at January 1	$ 69,799	$ 66,212
Additions	1,624	3,598
Disposals	(26)	(11)
Net foreign exchange differences	1	-
Balance at December 31	$ 71,398	$ 69,799

(continued)

	2022	2021
Accumulated amortization and impairment		
Balance at January 1	$ 27,492	$ 21,540
Amortization expenses	5,740	5,963
Disposals	(26)	(11)
Net foreign exchange differences	2	-
Balance at December 31	$ 33,208	$ 27,492

(concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2 to 5 years
Professional expertise	15 years

18. Other assets

	December 31, 2022	December 31, 2021
Residual income tax	$ 33,634	$ 25,828
Prepayments	194,674	162,922
Refundable deposits	33,110	34,620
Restricted assets (Note 6)	509,877	385,197
Others	62,579	66,886
	$ 833,874	$ 675,453
Current	$ 419,024	$ 324,733
Non-current	414,850	350,720
	$ 833,874	$ 675,453

19. Borrowings

(1) Short-term borrowings

	December 31, 2022		December 31, 2021	
	Interest Rate	Amount	Interest Rate	Amount
Bank loans	1.41%~3.95%	$ 387,304	0.85%~4.35%	$ 398,440
Line of credit borrowings	0.72%~6.09%	23,573	0.68%~1.21%	196,977
Secured loans	1.67%~3.60%	103,060	0.34%~5.10%	152,128
		$ 513,937		$ 747,545

On December 31, 2022 and 2021, a portion of the Group’s bank loans was guaranteed by the Company, and some of them were jointly guaranteed by Mr. Kuo Wei-Wu and Mr. Kuo Wei-Pin, who are the chairman and director of the Company, respectively.

On December 31, 2022 and 2021, the Group’s loans from banks were secured by deposits, land and buildings; refer to Note 33.

(2) Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$ 100,000	$ 160,000
Less: Unamortized discounts on bills payable	(21)	(52)
	$ 99,979	$ 159,948

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
International Bills Finance Corporation	$ 50,000	$ 10	$ 49,990	1.738%
Dah Chung Bills Finance Corporation	50,000	11	49,989	1.860%
	$ 100,000	$ 21	$ 99,979	

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Finance Corporation	$ 50,000	$ 5	$ 49,995	0.978%
Mega Bills Finance Co., Ltd.	50,000	24	49,976	0.988%
International Bills Finance Corporation	30,000	9	29,991	0.958%
Dah Chung Bills Finance Corporation	30,000	14	29,986	0.950%
	$ 160,000	$ 52	$ 159,948	

(3) Long-term borrowings

	December 31, 2022		December 31, 2021	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Secured loans				
Hua Nan Commercial Bank				
Mortgage loan, interest is paid monthly from November 2021 to November 2023 and principal is paid upon maturity, 2 years extension of repayment period from September 2022, expiration date is September 2024.	1.53	$ 494,000	1.08	$ 350,000

(continued)

	December 31, 2022		December 31, 2021	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
O-Bank				
Mortgage loan, interest is paid monthly from December 2022 to November 2024 and principal is paid upon maturity.	1.85	$ 50,000	-	$ -
MEGA ICBC				
Mortgage loan, interest is paid monthly from November 2022 to November 2027 and principal is paid upon maturity.	3.23	11,548	-	-
MEGA ICBC				
Mortgage loan, interest is paid monthly from December 2022 to November 2027 and principal is paid upon maturity.	3.35	3,012	-	-
Unsecured loans				
JihSun Bank				
Credit loan, interest is paid monthly from November 2018 to November 2020 and principal is paid upon maturity, extension of repayment period from November 2020 and November 2021, expiration date is November 2023. It was fully repaid in March 2022.	-	-	1.15	44,000
JihSun Bank				
Credit loan, interest is paid monthly from June 2022 to November 2023 and principal is paid upon maturity, 2 years extension of repayment period from December 2022, expiration date is December 2024.	1.78	50,000	-	-
Taipei Fubon Bank				
Credit loan, interest is paid monthly from December 2021 to May 2023 and principal is paid upon maturity, it was fully repaid in June 2022.	-	-	1.04	100,000
CTBC Bank				
Credit loan, interest is paid monthly from June 2022 to August 2023 and principal is paid upon maturity, 2 years extension of repayment period from August 2022, expiration date is August 2024.	1.77	50,000	-	-
Yuanta Commercial Bank				
Credit loan, interest is paid monthly from July 2021 to March 2023 and principal is paid upon maturity, it was fully repaid in March 2022.	-	-	1.05	100,000

(continued)

	December 31, 2022		December 31, 2021	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Cathay United Bank				
Credit loan, interest is paid monthly from January 2021 to October 2022 and principal is paid upon maturity, extension of repayment period from October 2021 and November 2022, expiration date is November 2024.	1.77	$ 150,000	0.93	$ 150,000
O-Bank				
Credit loan, interest is paid monthly from October 2021 to October 2023 and principal is paid upon maturity, 2 years extension of repayment period from November 2022, expiration date is November 2024.	1.81	50,000	1.19	50,000
		$ 858,560		$ 794,000

(concluded)

The abovementioned long-term loans were jointly guaranteed by Mr. Kuo Wei-Wu and Mr. Kuo Wei-Pin, the chairman and director of the Company, respectively. The loans from Hua Nan Commercial Bank, O-Bank and Mega ICBC were secured by deposits, land and buildings; refer to Note 33.

20. Bonds payable

	December 31, 2022	December 31, 2021
Liability component of the 6th domestic convertible bonds	$ 512,791	$ 552,053

On March 24, 2021, the Company issued 6,000 units of NTD-denominated secured convertible bonds with 101% of face value and 0% coupon rate. The total issuance amount was $606,000 thousand.

(1) The conditions of the Company’s 6th domestic convertible bonds are as follows:

1. Issue period: 5 years, from March 24, 2021 to March 24, 2026.
2. Face value: NT$100 thousand.
3. Place of issuance and trading: Domestic
4. Issue price: 101%
5. Total issuance amount: NT$600,000 thousand
6. Coupon rate: 0%; effective rate: 0.75%
7. Conversion rights and targets: Convert into ordinary shares of the Company according to conversion price at the time of request

8. Collateral: $189,368 thousand of pledged bank deposits and 10,000 thousand shares of Optivision Technology Inc.

9. Bonds redemption and buy-back procedures:
   (1) Redemption at maturity: the principal will be repaid according to face value.
   (2) Early redemption:
   The Company may, from the day after three months since the bond issuance until 40 days before the end of the issuance period, redeem all bonds at face value in cash if either the closing price of the Company's ordinary shares on the Taiwan Stock Exchange has exceeded the conversion price by 30% or more for thirty consecutive business days or if the outstanding balance of the convertible bonds in circulation is less than 10% of the original total issuance amount.
   (3) Buy-back method:
   Upon the full three-year maturity of bond issuance, bondholders may request an early redemption from the Company at 101.51% of the face value.

10. Conversion price and adjustment:
The base date for the price of convertible bonds was March 16, 2021, with a conversion price of NT$19.8 per share. After the issuance of the convertible bonds, the conversion price shall be adjusted in accordance with the terms of issuance and conversion. As of December 31, 2022, the conversion price was NT$16.9 per share.

(2) The convertible bonds include assets, liabilities, and equity components. The equity component is recognized as capital surplus - share subscription rights. The asset component is embedded derivative financial instruments, and the liability component consists of embedded derivative financial instruments and non-derivative financial liabilities. The effective interest rate of the non-derivative financial liabilities at initial recognition was 0.75%.

Proceeds from issuance (less transaction costs of $5,300 thousand)	$ 600,700
Equity component	(20,280)
Financial assets - redemption rights	960
Financial liabilities - put options	(3,540)
Liability component at the date of issue	577,840
Convertible bonds converted into ordinary shares	(72,322)
Interest charged at an effective rate of 0.75%	7,273
Liability component at December 31, 2022	$ 512,791

The changes in the host liability instruments, redemption rights and put options of the financial assets/liabilities were as follows:

	Host Liability Instruments	Financial Assets - Redemption Rights	Financial Liabilities - Put Options
Balance at January 1, 2021	$ -	$ -	$-
Issue date	577,840	960	(3,540)
Interest expense	3,365	-	-
Change in fair value (gain or loss)	-	2,174	2,685
Convertible bonds converted into ordinary shares	(29,152)	-	-
Balance at December 31, 2021	552,053	3,134	855
Interest expense	3,908	-	-
Change in fair value (gain or loss)	-	(2,819)	(511)
Convertible bonds converted into ordinary shares	(43,170)	-	-
Balance at December 31, 2022	$ 512,791	$ 315	($ 1,366)

The aforementioned convertible bonds are guaranteed by Taichung Commercial Bank Co., Ltd. and secured by bank deposits provided by the Company. Mr. Kuo Wei-Wu, the chairman of the Company, is the joint guarantor; refer to Notes 6, 32, and 33 for more details.

21. Other payables

	December 31, 2022	December 31, 2021
Payables for salaries	$ 130,421	$ 137,552
Payables for interests	749	476
Payables for pension	42,725	37,448
Payables for employees' compensation and directors' remuneration	24,161	29,800
Payables for labor fee	2,349	2,014
Payables for purchase of equipment	7,249	18,112
Payables for dividends	19,757	-
Payables for taxes	39,783	45,242
Payables for expenses	239,660	203,300
Others	46,488	42,793
	$ 553,342	$ 516,737

22. Retirement benefit plans

(1) Defined contribution plan

The Company, Optivision Technology Inc. and Insight Medical Solutions Inc. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, they make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. As of December 31, 2022 and 2021, the Group recognized total expenses of $13,059 thousand and $13,283 thousand, respectively, in the consolidated statements of comprehensive income based on specified proportion of the defined contribution plan.

(2) Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 43,478	$ 46,013
Fair value of plan assets	(28,666)	(25,855)
Net defined benefit liabilities	$ 14,812	$ 20,158

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 44,619	($ 25,731)	$ 18,888
Service cost			
Current service cost	459	-	459
Interest expense (income)	223	(130)	93
Recognized in profit or loss	682	(130)	552

(continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets	$ -	($ 323)	($ 323)
Actuarial loss - change in demographic assumptions	1,443	-	1,443
Actuarial gain - change in financial assumptions	(509)	-	(509)
Actuarial loss - experience adjustments	686	-	686
Recognized in other comprehensive income	1,620	(323)	(1,297)
Contributions from employer	-	(579)	(579)
Benefits paid	(908)	908	-
Balance at December 31, 2021	46,013	(25,855)	20,158
Service cost			
Current service cost	471	-	471
Interest expense (income)	288	(163)	125
Recognized in profit or loss	759	(163)	596
Remeasurement			
Return on plan assets	-	(2,049)	(2,049)
Actuarial loss - change in demographic assumptions	206	-	206
Actuarial loss - change in financial assumptions	(2,863)	-	(2,863)
Actuarial loss - experience adjustments	637	-	637
Recognized in other comprehensive income	3,294	(2,049)	(5,343)
Contributions from employer	-	(599)	(599)
Balance at December 31, 2022	$ 43,478	($ 28,666)	$ 14,812

(concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2022	2021
Summary by function		
Operating costs	$ 219	$ 210
Selling and marketing expenses	93	82
General and administrative expenses	203	200
Research and development expenses	81	60
	$ 596	$ 552

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.375%	0.625%
Expected rate of salary increase	2%	2%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 888)	($ 1,025)
0.25% decrease	$ 920	$ 1,064
Expected rate of salary increase		
0.25% increase	$ 900	$ 1,034
0.25% decrease	($ 873)	($ 1,001)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
Expected contributions to the plans for the next year	$ 554	$ 556
Average duration of the defined benefit obligation	10.1 years	11.03 years

23. **Equity**

(1) Share capital

Ordinary shares

	December 31, 2022	December 31, 2021
Shares authorized (in thousands of shares)	300,000	300,000
Amount of authorized shares	$ 3,000,000	$ 3,000,000
Shares issued and fully paid (in thousands of shares)	163,806	165,969
Amount of issued shares	$ 1,638,061	$ 1,659,694

The issued ordinary shares with a par value of $10 entitle the holders with the right to vote and receive dividends.

Changes in the Company's outstanding ordinary shares were as follows:

	Number of Shares (In Thousands)	Share Capital
Balance at January 1, 2022	165,969	$ 1,659,694
Conversion of bonds	2,432	24,317
Cancellation of treasury shares	(4,595)	(45,950)
Balance at December 31, 2022	163,806	$ 1,638,061
Balance at January 1, 2021	159,325	$ 1,593,246
Issuance of new restricted shares	5,000	50,000
Conversion of bonds	1,644	16,448
Balance at December 31, 2021	165,969	$ 1,659,694

(2) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premium	$ 481,679	$ 467,997
Treasury share transactions	10,420	28,216
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	93,210	93,210

(continued)

	December 31, 2022	December 31, 2021
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	$ 54,283	$ 61,961
May not be used for any purpose		
Share options	17,759	19,262
Employee restricted shares	32,617	38,913
	$ 689,968	$ 709,559

(concluded)

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit if the amount of accumulated legal reserve has not yet reached the amount of the total capital of the Company, setting aside or reversing a special reserve in accordance with the laws and regulations and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The distribution plan will be made through the issuance of new shares, if the plan is to be distributed in cash, the board of directors shall be authorized to approve it with the attendance of more than two-thirds of the directors and the consent of the majority of the directors present, and shall be reported in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 25.

The Company shall appropriate a special reserve in accordance with the provisions of the Financial Supervisory Commission's letter No. 1010012865, No. 1010047490, and No. 1030006415, as well as the "Questions and Answers on the Application of Setting Up a Special

Reserve after Adopting International Financial Reporting Standards (IFRSs)". If there is a subsequent reversal of other deductions from shareholders' equity, the surplus may be distributed based on the reversed portion.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess shall be distributed in cash.

The appropriations of earnings and cash dividends per share for 2021 and 2020 were resolved by the Company's board of directors, as follows:

	2021Q4	2021Q2	2020
Date of resolution	March 24, 2022	August 10, 2021	March 23, 2021
Legal reserve	$ 12,929	$ 23,321	$ 12,894
Special reserve	($ 62,397)	$ 74,430	$ 116,501
Cash dividends	$ 182,115	$ 81,124	$ 144,220
Cash dividends per share	1.20	0.54	0.96

The above appropriations of earnings for 2021 and 2020 were resolved by the Company's shareholders in their meetings on May 27, 2022 and July 2, 2021, respectively.

The appropriations of the quarterly earnings and cash dividends per share for 2022, which were resolved by the Company's board of directors, were as follows:

	2022Q4	2022Q2
Date of resolution	March 23, 2023	August 5, 2022
Legal reserve	$ 13,044	$ 15,119
Special reserve	($ 34,278)	$ 3,410
Cash dividends	$ 230,030	$ 46,006
Cash dividends per share	1.5	0.3

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 5, 2023.

(4) Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	2022	2021
Balance at January 1	($ 373,245)	($ 287,085)
Exchange differences on the translation of the net assets of foreign operations	96,427	(83,945)

(continued)

	2022	2021
Share of other comprehensive income of associates accounted for using the equity method	$ 4,415	($ 2,332)
Disposal of partial interests in subsidiaries	-	117
Balance at December 31	($ 272,403)	($ 373,245)

(concluded)

The exchange differences arising from the translation of the net assets of foreign operations from their functional currency to the reporting currency of the Group (i.e., New Taiwan Dollars) are directly recognized as other comprehensive income and accumulated in the foreign currency translation reserve in the financial statements of the foreign operations. The previously accumulated exchange differences in the financial statements of the foreign operations are reclassified to profit or loss upon disposal of the foreign operations.

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	2022	2021
Balance at January 1	($ 30,640)	($ 30,403)
Unrealized valuation gains and losses on equity investments measured at fair value through other comprehensive income	3,462	(229)
Disposal of equity investments measured at fair value through other comprehensive income	994	-
Disposal of partial interests in subsidiaries	-	(8)
Balance at December 31	($ 26,184)	($ 30,640)

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value with subsequent fair value changes reported in other comprehensive income and accumulated in other equity. When the investment is disposed of, the accumulated gains and losses are directly recognized in retained earnings and not reclassified as income.

3) Unearned employee benefits

In the meeting on July 2, 2021, the Company’s shareholders approved a restricted share plan for employees (see Note 28).

	2022	2021
Balance at January 1	($ 72,873)	$ -
Issuance of shares	-	(88,913)
Share-based payment expenses recognized	31,775	16,040
Balance at December 31	($ 41,098)	($ 72,873)

(5) Non-controlling interests

	2022	2021
Balance at January 1	$ 1,589,536	$ 1,424,774
Share attributable to non-controlling interests		
Net loss for the period	(165,350)	(21,651)
Exchange differences on translating the financial statements of foreign entities	19,093	(12,428)
Unrealized gain (loss) on financial assets at FVTOCI	(8,255)	(4,258)
Additions	-	134,584
Acquired through business combinations	-	189,827
Disposal of partial interests in subsidiaries	-	19,212
Acquisition of non-controlling interests in subsidiaries	-	(1,484)
Dividends paid by subsidiaries	(37,935)	(72,945)
Buy-back of treasury shares by subsidiaries	(89,175)	(69,230)
Exercise of share options by employees of subsidiaries	17,220	483
Others	4,025	2,625
Balance at December 31	$ 1,329,159	$ 1,589,536

(6) Treasury shares

1) The changes in treasury shares are as follows:
2)

Unit: In New Taiwan Dollars

2022				
Reason	Number of shares on January 1	Increase	Decrease	Number of shares on December 31
Transfer of shares to employees	9,095,000	-	(4,595,000)	4,500,000

(continued)

2022				
Reason	Number of shares on January 1	Increase	Decrease	Number of shares on December 31
Maintain the Company's credibility and shareholders' rights	1,181,000	319,000	-	1,500,000
	10,276,000	319,000	(4,595,000)	6,000,000

2021				
Reason	Number of shares on January 1	Increase	Decrease	Number of shares on December 31
Transfer of shares to employees	9,095,000	-	-	9,095,000
Maintain the Company's credibility and shareholders' rights	-	1,181,000	-	1,181,000
	9,095,000	1,181,000	-	10,276,000

(concluded)

3) According to Article 28-2 of the Securities and Exchange Act, a company's repurchase of outstanding shares shall not exceed ten percent of the total issued shares, and the total amount spent on repurchasing shares shall not exceed the sum of retained earnings, share premium, and realized capital surplus. The Company shall not pledge treasury shares and not be entitled to dividends or voting rights, as stipulated by the Securities and Exchange Act.

24. Operating revenue

	2022	2021
Holographic	$ 4,688,653	$ 3,939,891
Optoelectronics	953,035	1,731,887
Optical instruments	762,615	469,568
Others	17,503	4,944
	$ 6,421,806	$ 6,146,290

25. Net profit (loss) from continuing operations

Employee benefits expense, depreciation and amortization expenses

	2022			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	$ 470,273	$ 457,953	$ -	$ 928,226
Post-employment benefits	$ 6,330	$ 7,325	$ -	$ 13,655
Termination benefits	$ 1,247	$ 697	$ -	$ 1,944
Other employee benefits	$ 16,616	$ 14,747	$ -	$ 31,363
Depreciation expenses				
Property, plant and equipment	$ 109,573	$ 87,568	$ 2,499	$ 199,640
Right-of-use assets	30,776	27,185	114	58,075
	$ 140,349	$ 114,753	$ 2,613	$ 257,715
Amortization expenses	$ 223	$ 5,517	$ -	$ 5,740

	2021			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term 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 expenses				
Property, plant and equipment	$ 105,886	$ 65,268	$ 1,279	$ 172,433
Right-of-use assets	31,398	19,772	313	51,483
	$ 137,284	$ 85,040	$ 1,592	$ 223,916
Amortization expenses	$ 203	$ 5,760	$ -	$ 5,963

According to the Company's Articles, the Company sets aside 4% to 8% of net profit before income tax before deducting the compensation of employees and remuneration of directors, and accrues no higher than 2% for compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 were approved by the board of directors on March 23, 2023 and March 24, 2022, respectively, as follows:

Estimated rate

	2022	2021
Compensation of employees	6%	6%
Remuneration of directors	1.5%	1.5%

Amount

	2022		2021	
	Cash	Shares	Cash	Shares
Compensation of employees	$ 19,329	$ -	$ 23,840	$ -
Remuneration of directors	4,832	-	5,960	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	2022	2021
Current tax		
In respect of the current year	$ 88,541	$ 70,826
Income tax on unappropriated earnings	1,055	-
Land appreciation tax	50,293	-
Adjustments for prior year	(4,932)	(7,113)
Deferred tax		
In respect of the current year	(3,674)	3,283
Income tax expense (benefit) recognized in profit or loss	$ 131,283	$ 66,996

A reconciliation of accounting profit and income tax expense is as follows:

	2022	2021
Profit before tax from continuing operations	$ 243,212	$ 409,070
Income tax expense calculated at the statutory rate	$ 62,598	$ 137,104
Investment interests recognized using the equity method	(18,399)	(45,429)
Dividends from foreign investments	19,900	22,400
Disposal of interests in foreign investments	(11,800)	(23,900)
Less: Withholding tax on foreign dividends	(7,700)	(9,900)

(continued)

	2022	2021
Unrecognized deductible temporary differences	$ 12,573	$ 633
Unrecognized write-off of losses	31,407	(7,971)
Unappropriated earnings	1,055	-
Land appreciation tax	50,293	-
Adjustments for prior years' tax	(4,932)	(7,113)
Others	(3,712)	1,172
Income tax expense recognized in profit or loss	$ 131,283	$ 66,996

(concluded)

The individual income tax rate applicable to the Group under the Income Tax Act of the Republic of China is 20%. The tax rate applicable to subsidiaries in the mainland China is 25%; the tax amount in other jurisdictions is calculated based on the tax rate applicable in each relevant jurisdiction.

(2) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ 20,706	$ 12,413
Current tax liabilities		
Income tax payable	$ 83,388	$ 15,768

(3) Deferred tax assets and liabilities

	December 31, 2022	December 31, 2021
Deferred tax assets		
Temporary differences	$ 29,401	$ 20,000
Deferred tax assets	$ 29,401	$ 20,000

(4) As of December 31, 2022, the information on imputation credit of unrecognized losses was as follows:

Amount to be Deducted	Final Year of Deduction
$ 82,213	2030
73,135	2031
257,631	2032
$ 412,979	

(5) Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

27. Earnings per share

The calculation of earnings per share is disclosed as follows:

	2022			2021		
	Amount		Earnings Per Share	Amount		Earnings Per Share
	Shareholders of the Company (After Tax)	Number of Shares (In Thousands)	Shareholders of the Company (After Tax)	Shareholders of the Company (After Tax)	Number of Shares (In Thousands)	Shareholders of the Company (After Tax)
Basic earnings per share						
Net profit for the current period attributable to shareholders	$ 277,279	152,541	$ 1.82	$ 363,725	150,243	$ 2.42
Effect of potentially dilutive ordinary shares						
Convertible bonds	3,127	30,248		2,692	18,825	
Compensation of employees	-	1,268			1,086	
Restricted shares for employees	-	2,648		-	737	
Diluted earnings per share						
Net profit for the current period attributable to shareholders	$ 280,406	186,705	$ 1.50	$ 366,417	170,891	$ 2.14

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. Share-based payment arrangements

(1) New restricted shares for employees

On July 2, 2021, the Company’s shareholders in their meeting resolved to issue 5,000 thousand restricted shares for a total amount of $50,000 thousand. This one-time issuance of restricted shares was approved by the FSC on July 28, 2021.

1) Employees who receive new shares but have not yet met the vested conditions are subject to the following restrictions:

a) The restricted shares cannot be sold, pledged, transferred, gifted, or disposed of in any other way, except by inheritance.
b) The attendance, proposal, speech, voting, and election rights of the shareholders’ meeting are the same as those of the ordinary shares issued by the Company and are implemented in accordance with the trust custody agreement.

c) They do not have the rights to receive any profits (including but not limited to dividends, legal reserves, and capital reserve distribution rights) or subscription rights for cash capital increase.
d) If the cash is refunded due to the Company's capital reduction, the refund that has not been vested due to the allotment shall be delivered to the trust. When the vested conditions and deadlines are met, the vested shares will be delivered to the employees without interests. However, if the vested conditions are not met within the deadlines, the Company will reclaim the cash.

2) The restricted shares issued by the Company are subject to the following conditions: Employees who are allocated shares on the grant date (i.e., August 10, 2021) will receive vested rights of 15%, 15%, 20%, 20%, and 30% if they are still employed and achieve the operational goals set by the Company after 1 to 5 years, respectively. If the vested conditions are not met during the period, the Company will not reclaim the restricted shares for that year and will continue to deliver them to the trust for safekeeping. If the operational goals set by the Company are achieved in the fifth year, all the restricted shares can be fully vested.

3) Equity-settled share-based payments to employees are measured based on the fair value of equity instruments on the grant date.

4) When the vested conditions are not met, or in the event of voluntary resignation, dismissal, termination, or violation of the issuance regulations, the Company will retrieve the shares that have not been vested at no cost and cancel them.

As of December 31, 2022, information on restricted shares was as follows:

	December 31, 2022	December 31, 2021
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	5,000	-
Granted	-	5,000
Vested	(548)	-
Balance at December 31	4,452	5,000

Compensation costs recognized were $31,775 thousand and $16,040 thousand for the years ended December 31, 2022 and 2021, respectively.

(2) Employee share option plan of Optivision Technology Inc.

On November 3, 2017, the board of directors of Optivision Technology Inc. resolved to issue employee share options in accordance with Article 167 of the Company Act. The total issuance was 1,000 units, with each unit entitled to subscribe for one ordinary share at a subscription price of NT$22 per share. Optivision Technology Inc. will make payment to the employees through the issuance of new shares. Employees may exercise their share options after two years from the date of issuance of the share option certificates and limited to 50% of the number of certificates granted. After three years from the grant date, employees may exercise their share options up to 75% of the number of certificates granted. After four years from the grant date, employees may exercise their share options for all granted certificates. The exercise period for the share options is six years, and any unexercised stock options after the expiration date will be waived. Optivision Technology Inc. had fully issued all the share options on May 10, 2018. If there are any ex-rights or ex-dividend adjustments or cash increase (decrease), the subscription price of the share options will be adjusted accordingly based on the formula. As of December 31, 2022, there were 298,000 outstanding employee share options available for subscription at a subscription price of $19.3.

Optivision Technology Inc. did not issue new employee share options in 2022 and 2021, the information on employee share options was as follows:

	2022		2021	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)
Balance at January 1	339	$19.3	412	$20.2
Options exercised	(36)	19.3	(43)	19.3~20.2
Options expired	(5)	19.3	(30)	19.3~20.2
Balance at December 31	298	19.3	339	19.3
Options exercisable, end of the year	298	19.3	166	19.3

As of December 31, 2022 and 2021, information on outstanding options was as follows:

	Outstanding Share Options as of the Balance Sheet Date			Options Exercisable	
	Number of Options (In Thousands of Units)	Weighted-average Expected Remaining Life (In Years)	Weighted-average Exercise Price ($)	Number of Exercisable Options (In Thousands of Units)	Weighted-average Exercise Price ($)
2022	298	1.35	$ 19.3	298	$ 19.3
2021	339	2.35	$ 19.3	166	$ 19.3

Options granted on May 10, 2018 were priced using the Black-Scholes pricing model. The inputs to the model are as follows:

Grant-date share price	$22
Exercise price	$22
Expected volatility	49.56%
Expected life (in years)	4-5 years
Expected dividend yield	0 %
Risk-free interest rate	0.68-0.73%

Compensation costs recognized by Optivision Technology Inc. were $136 thousand and $535 thousand for the years ended December 31, 2022 and 2021, respectively.

(3) Employee share option plan of Insight Medical Solutions Inc.

In 2022, the board of directors of Insight Medical Solutions Inc. resolved to issue employee share options in accordance with Article 167 of the Company Act, with a total issuance of 2,000 units. Each unit is entitled to subscribe for one ordinary share at a subscription price of NT$10 per share, which is immediately acquired. Insight Medical Solutions Inc. will make payment to the employees through the issuance of new shares.

Options granted on October 24, 2022 were priced using the Black-Scholes pricing model and the compensation cost recognized by Insight Medical Solutions Inc. was $20 thousand. The inputs to the model are as follows:

Grant-date share price	$6.78
Exercise price	$10
Expected volatility	57.86%
Expected life (in years)	36 days
Expected dividend yield	0 %
Risk-free interest rate	1.07%

29. Business combinations

(1) The Group through its subsidiary, Treasure Access Limited, purchased 31.75% equity interest in Jiangsu Sunderray Laser Packing Material Co., Ltd., an affiliated enterprise accounted for by using the equity method, from Shin Kong Investment Holding Co., Ltd. for RMB40,000 thousand in October 2021. After the acquisition, the Group’s shareholding ratio increased to 65% and gained control, and Jiangsu Sunderray Laser Packing Material Co., Ltd. was included in the consolidated entity starting from October 2021.

Consideration transferred

	Amount
Cash	$ 172,200
Fair value of shares held	180,335
	$ 352,535

(2) Assets acquired and liabilities assumed at the date of acquisition

	Jiangsu Sunderray Laser Packing Material Co., Ltd.
Current assets	
Cash	$ 36,947
Notes and trade receivables	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)
Notes and trade payables	(68,165)
Other payables	(16,305)
Other current liabilities	(4,460)
Balance at December 31	$ 542,362

(3) Non-controlling interests

The non-controlling interests in Jiangsu Sunderray Laser Packing Material Co., Ltd. was measured at fair value using the net identifiable assets method at the acquisition date, which amounted to $189,827 thousand.

(4) Goodwill recognized on acquisitions

	Jiangsu Sunderray Laser Packing Material Co., Ltd.
Consideration transferred	$ 352,535
Plus: Non-controlling interests	189,827
Less: Fair value of identifiable net assets acquired	(542,362)
Goodwill recognized on acquisitions	$ -

(5) Net cash outflow on the acquisition of subsidiaries

	Jiangsu Sunderray Laser Packing Material Co., Ltd.
Consideration paid in cash	$ 172,200
Less: Cash and cash equivalent balances acquired	(36,947)
	$ 135,253

30. Capital management

The capital risk management of the Group is to ensure that it has the necessary financial resources and operational plans to support the needs of operating capital, capital expenditures, research and development expenses, debt repayments, and dividend payments over the next 12 months.

31. Financial instruments

(1) Fair value of financial instruments not measured at fair value

The management of the Group believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ -	$ 315	$ 315
Corporate bonds	6,161	-	-	6,161
	$ 6,161	$ -	$ 315	$ 6,476
Financial assets at FVTOCI				
Investments in equity instruments				
- Foreign unlisted shares	$ -	$ -	$ 56,871	$ 56,871
- Domestic unlisted shares	-	-	34,990	34,990
	$ -	$ -	$ 91,861	$ 91,861

(continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 1,366	$ 1,366

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ -	$ 3,134	$ 3,134
Financial assets at FVTOCI				
Investments in equity instruments				
- Foreign unlisted shares	$ -	$ -	$ 66,063	$ 66,063
- Domestic unlisted shares	-	-	29,982	29,982
	$ -	$ -	$ 96,045	$ 96,045
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 855	$ 855

(concluded)

2) There was no transfer between Level 1 and Level 2 fair value measurements in 2022 and 2021.

3) For financial assets measured at Level 3 fair value, there were no other adjustment items except for the fair value changes recognized in other comprehensive income.

4) Valuation techniques and inputs applied for Level 3 fair value measurements

Financial Instrument	Valuation Technique and Inputs
Domestic and foreign unlisted equity investments	Market approach: The fair value is determined based on the market fair value of observable comparable companies at the end of the period and adjusted by price-to-earnings ratio and price-to-book ratio of the investee company.
Derivatives	Binomial convertible bond pricing model: Considers factors such as the tenure of the corporate bonds, the share price and volatility of the underlying convertible bonds, conversion price, risk-free rate, discount rate, and liquidity risk of the convertible bonds.

(3) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
At amortized cost		
Cash and cash equivalents	$ 1,720,354	$ 2,128,842
Notes and accounts receivable (related parties)	1,389,279	1,586,785
Other receivables	$ 30,700	$ 25,710
Refundable deposits	33,110	34,620
Restricted assets (current and non-current)	509,877	385,197
Financial assets at FVTPL - current	315	3,134
Financial assets at FVTPL - non-current	6,161	-
Financial assets at FVTOCI - non-current	91,861	96,045
Financial liabilities		
At amortized cost		
Short-term borrowings	513,937	747,545
Short-term notes payable	99,979	159,948
Notes and accounts payable (related parties)	1,036,862	911,219
Other payables (related parties)	553,485	516,854
Long-term borrowings (including due within 1 year)	858,560	794,000
Bonds payable	512,791	552,053
Financial liabilities at FVTPL - non-current	1,366	855

(4) Financial risk management objectives and policies

The Group’s major financial instruments include equity and debt investments, trade receivables, trade payables, other receivables, other payables, bonds payable, and loans. The Group’s corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The management of foreign exchange rate risk arising from foreign currency transactions of the Group is conducted within the scope permitted by the regulations of the process for handling derivative financial instrument transactions, by using forward foreign exchange contracts to manage risk. For non-functional currency-denominated monetary assets and monetary liabilities of the Group on the balance sheet date, refer to Note 35. The sensitivity analysis of the Group only includes foreign currency monetary items in circulation and adjusts their year-end conversion by increasing the pre-tax profit and loss when the exchange rate of each foreign currency appreciates by 1% relative to the New Taiwan Dollar; when it depreciates by 1%, the impact on the pre-tax profit and loss will be a negative amount of the same value.

	USD Impact		JPY Impact		RMB Impact	
	2022	2021	2022	2021	2022	2021
Profit or loss	$ 6,496	$ 9,964	($ 228)	($ 1,125)	$ 814	$ 7,909

b) Interest rate risk

The interest rate risk of the Group mainly comes from floating rate time deposits and borrowings. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31, 2022	December 31, 2021
Cash flow interest rate risk		
Financial assets	$ 254,514	$ 204,314
Financial liabilities	880,230	863,612

The sensitivity analysis regarding interest rate risk is based on the fair value changes of financial assets and liabilities with floating interest rates as of the end of the reporting period. If interest rates were to increase by one percentage point, the cash outflows of the Group for the years ended December 31, 2022 and 2021 would increase by $6,257 thousand and $6,593 thousand, respectively.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Group due to the counterparty's failure to fulfill contractual obligations. The Group requires collateral or other forms of security for significant trading counterparties, which effectively reduces the credit risk. The management of the Group assigns a dedicated team to make decisions on credit limits, credit approvals, and other monitoring procedures to ensure appropriate action is taken to recover overdue receivables. In addition, the Group will review the recoverable amount of trade receivables one by one on the balance sheet date to ensure that there is an appropriate provision for uncollectible trade receivables. Therefore, the management believes that the credit risk of the Group has significantly decreased.

3) Liquidity risk

The operating capital of the Group is sufficient to support its operations; therefore, there is no liquidity risk arising from the inability to raise funds to fulfill contractual obligations.

a) The scheduled maturities of non-derivative financial liabilities of the Group are as follows:

	December 31, 2022			
	Less than 1 Year	2 to 3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$1,590,346	$ -	$ -	$1,590,346
Lease liabilities	42,768	27,116	145,949	215,833
Variable interest rate liabilities	21,670	844,000	14,560	880,230
Fixed interest rate liabilities	592,246	-	512,791	1,105,037
	$2,247,031	$ 871,116	$ 675,008	$3,793,155

	Less than 3 Years	3 to 5 Years	5 to 10 Years	10+ Years
Lease liabilities	$ 69,884	$ 49,101	$ 53,795	$ 43,053

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

	Less than 3 Years	3 to 5 Years	5 to 10 Years	10+ Years
Lease liabilities	$ 82,704	$ 46,611	$ 58,926	$ 27,838

b) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured bank overdraft facilities:		
Amount used	$ 810,877	$ 1,199,417
Amount unused	2,202,963	1,875,463
	$ 3,013,840	$ 3,074,880
Secured bank overdraft facilities:		
Amount used	$ 661,620	$ 502,128
Amount unused	679,278	707,740
	$ 1,340,898	$ 1,209,868
Guaranteed bonds:		
Amount used	$ 600,000	$ 600,000
Amount unused	20,000	20,000
	$ 620,000	$ 620,000

32. Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

(1) Related party name and category

Related Party Name	Related Party Category
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	Other related party, not a related party since November 2021 (because the chairman of Optivision Technology Inc. was a director of the parent company)
Guang Feng (Wuxi) Co., Ltd.	Associate accounted for using the equity method
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Associate accounted for using the equity method (became a subsidiary since October 1, 2021)
Hunan Hexin Packaging Material Co., Ltd.	Associate accounted for using the equity method
Boxlight Corporation	Associate accounted for using the equity method (non-current assets were listed for sale)
Kuo Wei-Wu	Chairman of the Company
Kuo Wei-Pin	Director of the Company

(2) Operating transactions

	2022	2021
Sales		
Other related parties		
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	$ -	$ 830,821
Associates	-	1,181
	$ -	$ 832,002
Purchases		
Other related parties	$ -	$ 429
Associates	19,571	263,677
	$ 19,571	$ 264,106
Manufacturing expenses		
Associates	$ 10,997	$ 10,716
Operating expenses		
Associates	$ 3,637	$ 3,821
Interest income		
Associates		
Hunan Hexin Packaging Material Co., Ltd.	$ 527	$ 728
Other income		
Associates	$ 1,643	$ 1,716

There is no significant difference between the transaction conditions of related parties and general customers.

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

	December 31, 2022	December 31, 2021
Receivables from related parties		
Other related parties		
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	$ -	$ 195,300
Less: Allowance for loss	-	(6,250)
	$ -	$ 189,050
Payables to related parties		
Associates		
Others	$ 14	$ 3,709

(continued)

	December 31, 2022	December 31, 2021
Other receivables (excluding capital loans)		
Associates		
Guang Feng (Wuxi) Co., Ltd.	$ 685	$ 669
Other payables		
Associates		
Hunan Hexin Packaging Material Co., Ltd.	$ 132	$ 117
Others	11	-
	$ 143	$ 117

(concluded)

There is no significant difference between the transaction conditions of related parties and general customers.

(4) Acquisition of property, plant and equipment

	Purchase Price	
Related Party Category/Name	2022	2021
Other related parties	$ -	$ 4,900

(5) Accommodation of funds

The capital loans and related parties of the Group in 2022 and 2021 were as follows:

	2022		2021	
Related Party Name	Maximum Balance	Balance at the End of Period	Maximum Balance	Balance at the End of Period
Associate - Hunan Hexin Packaging Material Co., Ltd.	$ 124,292	$ 13,885	$ 35,072	$ 20,634

(6) Endorsements and guarantees

The related parties of the Group are the joint guarantor of the loans, and the circumstances of the joint guarantee are as follows:

Related Party Name	Nature of Endorsements	December 31, 2022	December 31, 2021
Key management personnel	Short-term borrowings	$ 513,937	$ 747,545
	Commercial paper payable	99,979	159,948
	Bonds payable	512,791	552,053
	Long-term borrowings	858,560	794,000
		$ 1,985,267	$ 2,253,546

(7) Remuneration of key management personnel

For the years ended December 31, 2022 and 2021, the remuneration of directors and key management personnel of the Group was as follows:

	2022	2021
Short-term employee benefits	$ 37,137	$ 35,760
Post-employment benefits	$ 653	$ 718

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

33. Assets pledged as collateral

The following assets of loan contracts and operational needs were provided as collateral for bank borrowings and tariff guarantee for imported raw materials:

	December 31, 2022	December 31, 2021
Bank deposits	$ 509,877	$ 385,197
Property, plant and equipment	235,072	322,647
Right-of-use assets	4,806	79,604
	$ 749,755	$ 787,448

In addition, the Company pledged 10,000 ordinary shares of its subsidiary, Optivision Technology Inc., as collateral for the issuance of convertible bonds; refer to Note 20 for more details.

34. Significant events after the reporting period

In February 2022, the board of directors resolved to sign an investment agreement with Nanchang National High-Tech Industrial Development Zone to establish a wholly-owned subsidiary in the zone. The purpose of this subsidiary is to enhance the production efficiency and reduce production costs of China's K Laser Group, and serve as the Company's laser holographic anti-counterfeiting material production base in mainland China.

35. Significant assets and liabilities denominated in foreign currencies

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Unit: In Thousands of Foreign Currencies/New Taiwan Dollars

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets						
Monetary items						
USD	$ 32,899	30.71	$ 1,010,328	$ 56,510	27.68	$ 1,564,197
JPY	3,185	0.2324	740	388	0.2405	93
RMB	24,408	4.408	107,590	189,820	4.344	824,578
Long-term equity investments accounted for using the equity method						
USD	1,552	30.71	47,654	2,058	27.68	56,971
Financial Liabilities						
Monetary items						
USD	11,747	30.71	360,750	20,512	27.68	567,772
JPY	101,180	0.2324	23,514	468,250	0.2405	112,614
RMB	5,944	4.408	26,201	7,754	4.344	33,683

36. Separately disclosed items

(1) Information on significant transactions and reinvestments:

No	Items	Remark
1	Financing provided to others	Table 1
2	Endorsements/guarantees provided	None
3	Marketable securities held (excluding investments in subsidiaries, associates and joint ventures)	Table 2
4	Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital	None
5	Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital	Table 3
6	Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital	Table 4
7	Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 5
8	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 6
9	Trading in derivative instruments	None
10	Intercompany relationships and significant intercompany transactions	Table 9
11	Information on investees	Table 7

(2) Information on investments in mainland China

No	Items	Remark
1	Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area	Table 8
2	Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (3) The amount of property transactions and the amount of the resultant gains or losses (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services	Table 8

(3) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

37. Segment information

The Group produces and sells holography products in a single industry, and provides information to chief operating decision maker for resource allocation and departmental performance evaluation. Emphasis is placed on the region of each product delivery or offering. The Group’s reportable segments were as follows:

Mainland China ─ K Laser Technology (Wuxi) Co., Ltd.

─ K Laser Technology (Dongguan) Co., Ltd.

─ K Laser Technology (Hongkong) Co., Ltd.

─ Hunan Herui Laser Technology Co., Ltd.

— Ningbo Optivision Technology Co., Ltd.

— Glory Group Medical (Wuxi) Co., Ltd.

— Jiangsu Sunderray Laser Packing Material Co., Ltd.

— Jiangyin Teruida Packing Technology Co., Ltd.

Asia regions — 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 regions — Amagic Technologies U.S.A. (Dubai)

— K Laser Technology (USA) Co., Ltd.

— Finity Laboratories

(1) Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	2022				
	Mainland China	Asia Regions	Others	Adjustments and Write-offs	Total
Operating revenue	$4,128,822	$3,151,458	$ 986,387	($1,844,861)	$6,421,806
Operating costs	3,420,469	2,898,372	850,621	(1,904,314)	5,265,148
Gross profit	708,353	253,086	135,766	59,453	1,156,658
Operating expense	721,259	500,548	147,109	(9,798)	1,173,016
Operating income	173,196	(247,462)	(11,343)	69,251	(16,358)
Interest income	9,503	8,577	569	-	18,649
Interest expense	5,285	28,230	2,601	(657)	35,459
Other income (loss)	222,749	213,852	486,202	(644,106)	276,380
Net loss before tax	$ 397,846	($ 53,263)	$ 472,827	($ 574,198)	$ 243,212

(continued)

	2021				
	Mainland China	Asia Regions	Others	Adjustments and Write-offs	Total
Operating revenue	$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
Gross profit	650,360	449,843	122,886	14,254	1,237,343
Operating expense	435,701	481,134	114,997	(10,927)	1,020,905
Operating income	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 (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

(concluded)

For the years ended December 31, 2022 and 2021, intragroup transactions had been eliminated on consolidation.

(2) Segment assets

	December 31, 2022				
	Mainland China	Asia Regions	Others	Adjustments and Write-offs	Total
Cash and cash equivalents	$ 821,927	$ 643,649	$ 254,778	$ -	$1,720,354
Notes and accounts receivable	1,294,483	528,004	96,560	(529,768)	1,389,279
Inventories	856,334	345,426	401,862	(130,448)	1,473,174
Other current assets	276,516	221,987	22,637	(43,660)	477,480
Total current assets	3,249,260	1,739,066	775,837	(703,876)	5,060,287
Funds and investments	302,491	4,046,928	5,396,488	(9,195,694)	550,213
Property, plant and equipment	645,407	933,545	69,892	35,311	1,684,155
Right-of-use assets	101,132	159,787	49,255	(17,149)	293,025
Intangible assets	-	2,691	-	78,223	80,914
Other assets	85,407	319,416	87,377	(47,949)	444,251
Total assets	$4,383,697	$7,201,433	$6,378,849	($9,851,134)	$8,112,845

	December 31, 2021				
	Mainland China	Asia Regions	Others	Adjustments and Write-offs	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
Inventories	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

(3) Information on major customers

Single customers contributing 10% or more to the Group’s revenue were as follows:

	2022		2021	
Name of Customer	Amount	%	Amount	%
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	$ NA (Note)		$ 1,034,875	17

Note: The amount of revenue does not reach 10% of the Group’s total revenue.

K Laser Technology Inc. and Subsidiaries

Financing Provided to Others

For the Year Ended December 31, 2022

Table 1

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
1	K Laser Technology (Dongguan) Co., Ltd.	Hunan Hexin Packaging Material Co., Ltd.	Other receivables	Yes	$ 124,292 (RMB 28,000)	$ 17,412 (RMB 3,950)	$ 13,885 (RMB 3,550)	2～3%	2	$ -	Operating turnover	$ -	None	None	$ 457,418 (RMB103,770)	$ 457,418 (RMB103,770)	

Note 1: The information on funds lent by the Group to others should be divided into two tables and marked with a number in the corresponding column. The method for filling in the number is as follows:

(1) For the Company, fill in “0”.

(2) For the subsidiaries, start with the Arabic number “1” in sequential order according to their company types.

Note 2: The information on funds lent by the Company and its subsidiaries to others should be divided into two tables and marked with a number in the corresponding column. The method for filling in the number is as follows:

(1) If there is a business relationship, fill in “1”.

(2) If there is a need for short-term funding, fill in “2”.

Note 3: The types of limits for funds lent by the Group to others are as follows:

(1) According to the operating procedures for funds lent by the Company to others, the total amount of funds lent by the Company should not exceed 25% of the current net worth, and the amount lent to any individual should not exceed 10% of the current net worth.

(2) According to the operating procedures for funds lent by the subsidiaries and endorsements and guarantees provided by the Company, the total amount of loans and financing provided by the Company and its subsidiaries should not exceed 40% of their net worth, and the total amount of funds lent to others for short-term funding purposes should not exceed 40% of their net worth.

K Laser Technology Inc. and Subsidiaries

Marketable Securities Held

December 31, 2022

Table 2

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Shares							
	Minton Optic Industry Co., Ltd.	None	Financial assets at FVTPL - non-current	857,900	$ -	1	$ -	
	CM Visual Technology Corporation	None	Financial assets at FVTOCI - non-current	138,240	-	-	-	
	CDIB Capital Healthcare Ventures Corporation	None	Financial assets at FVTOCI - non-current	1,800,000	33,317	2	33,317	
	Food fab Group Limited	None	Financial assets at FVTOCI - non-current	1,805,247	5,615	4	5,615	
	Boxlight Corporation	None	Current assets for sale	706,854	6,735	1	6,747	
	Corporate bonds							
	HSBC USD Financial Bonds	None	Financial assets at FVTPL - non-current	-	6,161	-	6,161	
Insight Medical Solutions Inc.	Aether Precision Technology Inc.	None	Financial assets at FVTOCI - non-current	240,000	1,673	10	1,673	
Bright Triumph Limited	Dongguan City Guang Zhi Optoelectronic Co., Ltd.	None	Financial assets at FVTOCI - non-current	5,385,682	51,256	7	51,256	

Note 1: For information related to investments in subsidiaries and associates, refer to Tables 7 and 8.

K Laser Technology Inc. and Subsidiaries

Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital

For the Year Ended December 31, 2022

Table 3

Unit: In Thousands of New Taiwan Dollars

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Optivision Technology Inc.	Land No. 668, Datong Section, Zhunan Township, Miaoli County	Board's resolution date: November 9, 2021 Ownership transfer date: June 2022	$ 290,049 (Note)	Paid in accordance with the sales contract	Heng Fu Industrial Co., Ltd.	None	-	-	-	$ -	According to the appraisal report of the real estate appraiser firm	For business use	None

Note: The amount includes a transaction price of $290,000 thousand under the purchase and sale agreement (of which $29,000 thousand had been paid in November 2021) and necessary costs of $2,049 thousand paid before the availability for use.

K Laser Technology Inc. and Subsidiaries

Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital

For the Year Ended December 31, 2022

Table 4

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
K Laser Technology (Dongguan) Co., Ltd.	Right-of-use assets of Dashuihu lot in Dadianmei Village, Dalingshan Town, Dongguan City - land and factory buildings	Board's resolution date: January 19, 2022 Ownership transfer date: November 2022	November 4, 2004	RMB 18,588	RMB 100,000 (Tax inclusive)	Received in full in November 2022	$ 281,814 (RMB 63,995) (Note 4)	Dongguan Zhongtian Management Consulting Co., Ltd.	None	Group's strategy adjustment and future business development needs	According to the appraisal report of the real estate appraiser firm	Note 3

Note 1: If the disposed assets need to be appraised according to regulations, the appraisal results should be noted in the "Price Reference" column.

Note 2: The paid-in capital refers to the paid-in capital of the parent company. For issuers whose shares have no face value or per-share face value is not NT$10, the transaction amount for 20% of the paid-in capital is calculated based on 10% of the equity belonging to the parent company on the balance sheet.

Note 3: K Laser Technology (Dongguan) Co., Ltd. is allowed to use the subject assets in Dongguan for free within two years from the delivery date agreed in the contract without paying any rent. After the free use period expires, it may continue to lease the assets by paying a monthly rent of RMB800,000.

Note 4: The amount does not include a land appreciation tax of $50,293 thousand (RMB11,421 thousand) and a 15% corporate income tax.

K Laser Technology Inc. and Subsidiaries
Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital
For the Year Ended December 31, 2022

Table 5

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	K Laser Technology (Dongguan) Co., Ltd.	Second-tier subsidiary that indirectly holds 93.78% of the shares	Purchase	($ 279,084)	20	Cash payment within 90 days	NA	NA	($ 80,137)	33	
〃	K Laser Technology (USA) Co., Ltd.	Second-tier subsidiary that indirectly holds 79.75% of the shares	Sales	477,758	27	Cash payment within 90 days	NA	NA	106,328	41	
〃	K Laser Technology Japan Co., Ltd.	Second-tier subsidiary that indirectly holds 70% of the shares	Sales	144,117	8	Cash payment within 90 days	NA	NA	47,744	18	
〃	K Laser Technology (Wuxi) Co., Ltd.	Second-tier subsidiary that indirectly holds 93.78% of the shares	Purchase	(108,194)	8	Cash payment within 90 days	NA	NA	(30,664)	13	
〃	Treasure Access Limited	Second-tier subsidiary that indirectly holds 93.78% of the shares	Purchase	(157,873)	11	Cash payment within 90 days	NA	NA	(22,007)	9	
K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Sister company	Purchase	(RMB 44,848)	44	Cash payment within 60 days	NA	NA	(RMB 17,918)	60	
Jiangsu Sunderray Laser Packing Material Co., Ltd.	K Laser Technology (Dongguan) Co., Ltd.	Sister company	Sales	RMB 23,927	16	Cash payment within 60 days	NA	NA	RMB 5,598	10	
Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary	Sales	176,063	21	Cash payment within 120 days	NA	NA	92,930	56	

K Laser Technology Inc. and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2022

Table 6

Unit: In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	K Laser Technology (USA) Co., Ltd.	Indirectly held 79.95% of second-tier subsidiary	$ 106,328	3.54	$ -	-	$ 77,737	$ -

K Laser Technology Inc. and Subsidiaries

Information on investees

For the Year Ended December 31, 2022

Table 7

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	K Laser China Group Co., Ltd.	British Virgin Islands	Reinvestment company	$ 722,454	$ 722,454	21,289,005	100	$ 2,317,263	$ 235,829	$ 247,175	
〃	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment company	726,200	726,200	21,161,462	100	810,426	1,945	1,945	
〃	K Laser Technology Inc.	Hsinchu City	Manufacture and sales of optical instruments and electronic components, etc.	499,497	499,497	23,614,835	45	426,157	(304,706)	(135,471)	(Note 1)
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	97,372	97,372	157,545	49	10,963	(11,057)	(5,418)	
〃	Vicome Corp.	Yunlin County	Manufacture, processing and trading of fluorescent pigments and dyes	35,494	35,494	3,021,420	30	153,302	56,219	16,984	
〃	Insight Medical Solutions Inc.	Hsinchu City	R&D and sales of gastrointestinal endoscopy and other businesses	269,813	269,813	8,995,264	41	116,175	(65,180)	(30,471)	
	Guang Feng International Ltd.	Samoa	Reinvestment company	162,463	162,463	4,845,810	100	15,601	(728)	(728)	
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	USA	Holographic product sales	USD 6,500	USD 6,500	6,500,000	80	USD 8,489	(USD 294)	(USD 234)	
〃	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of holographic products	USD 1,839	USD 1,839	9,337,984	83	USD 8,011	USD 237	USD 198	
〃	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacture and sales of holographic products	USD 2,946	USD 2,946	677,040	100	USD 2,002	USD 188	USD 188	
〃	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	Sales and agency of holographic products	USD 2,297	USD 2,297	-	100	USD 3,653	USD 50	USD 50	
〃	K Laser Technology Japan Co., Ltd.	Japan	Manufacture and sales of holographic products	USD 830	USD 830	1,344	70	USD 2,825	USD 189	USD 132	
〃	CIO Tech Ltd.	Cayman Islands	Reinvestment company	USD 750	USD 750	11,000,000	22	USD 516	(USD 115)	(USD 25)	
〃	Amagic Holographics India Private Limited	India	Manufacture and sales of holographic products	USD 2,508	USD 2,508	10,915,594	100	USD 324	(USD 54)	(USD 54)	

K Laser Technology (Thailand) Co., Ltd.	K Laser Technology (Indonesia) Co., Ltd.	Indonesia	Manufacture and sales of holographic products	THB 21,168	THB 21,168	266,000	70	THB 22,327	THB 802	THB 561	
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 503,709	RMB 57,716	RMB 54,124	
K Laser China Group Holding Co., Limited	K Laser Technology (H.K.) Co., Ltd.	Hongkong	Sales agent for holographic products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 5,701	RMB 376	RMB 376	
〃	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 112,440	RMB 112,440	30,000	100	RMB 273,257	RMB 8,466	RMB 8,326	
〃	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment company	RMB 130,106	RMB 130,106	50,000	100	RMB 255,282	RMB 50,466	RMB 50,329	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 20,825	RMB 20,825	163,975	51	RMB 2,589	(RMB 2,503)	(RMB 1,277)	
Holomagic Co., Ltd.	Treasure Access Limited	Hongkong	Reinvestment company	RMB 69,243	RMB 69,243	10,000	100	RMB 270,924	RMB 8,337	RMB 8,337	
Top Band Investment Ltd.	Union Bloom Limited.	Hongkong	Reinvestment company	RMB 113,329	RMB 113,329	10,000	100	RMB 252,641	RMB 50,329	RMB 50,329	
iWin Technology Co., Ltd.	Finity Laboratories	USA	Research and development of holographic technology	USD 700	USD 700	700,000	100	USD 586	(USD 365)	(USD 365)	
Optivision Technology Inc.	Bright Triumph Limited	Mauritius	Reinvestment company	242,173	242,173	7,913,767	100	135,324	(1,506)	(1,506)	
Insight Medical Solutions Inc.	Insight Medical Solutions Holdings Inc.	Cayman Islands	Reinvestment company	-	USD 2,500	-	100	-	-	-	（Note 2）

Note 1: 10,000,000 ordinary shares of Optivision Technology Inc. have been pledged as collateral for the issuance of convertible bonds by the Company.

Note 2: Insight Medical Solutions Holdings Inc. had been liquidated in April 2022.

K Laser Technology Inc. and Subsidiaries
Information on investments in mainland China
For the Year Ended December 31, 2022

Table 8

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount	Accumulated Repatriation of Investment Income
					Outward	Inward						
K Laser Technology (Wuxi) Co., Ltd.	Research and development, production of laser holography products, optoelectronic equipment and optoelectronic materials	$ 556,902 (RMB126,339)	By reinvesting in existing companies in third regions	$ 205,450 (USD 6,690)	$ -	$ -	$ 205,450 (USD 6,690)	94	($ 2,759) (RMB 626)	($ 2,587 (RMB 587)	$ 589,887 (RMB133,822)	$ 233,360 (RMB 52,940)
K Laser Technology (Dongguan) Co., Ltd.	Engaged in the production and sales of other polyethylene and rigid polyvinyl chloride films and foils	730,057 (RMB165,621)	By reinvesting in existing companies in third regions	63,232 (USD 2,059)	-	-	63,232 (USD 2,059)	94	251,287 (RMB 57,007)	235,647 (RMB 53,459)	1,072,378 (RMB243,280)	756,320 (RMB171,579)
Herui Laser Technology Co., Ltd.	R&D, production and operation of laser paper, anodized aluminum and other new environmentally friendly packaging materials and anti-counterfeiting products, etc.	228,334 (RMB 51,800) (Note 1)	By reinvesting in existing companies in third regions	-	-	-	-	46	43,392 (RMB 9,844)	19,942 (RMB 4,524)	167,094 (RMB 37,907)	31,059 (RMB 7,046)
Foshan Donglin Packaging Material Co., Ltd.	Production of cigarette packaging materials and extended products	116,755 (RMB 26,487) (Note 3)	By reinvesting in existing companies in third regions	-	-	-	-	23	3,641 (RMB 826)	855 (RMB 194)	22,278 (RMB 5,054)	
Hunan Hexin Packaging Material Co., Ltd.	Mainly engaged in the production, processing and sales of film and cigarette packs, and the segmentation of cigarette paper	81,989 (RMB 18,600) (Note 4)	By reinvesting in existing companies in third regions	-	-	-	-	46	8,053 (RMB 1,827)	(256) (RMB -58)	213,321 (RMB 48,394)	
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Production of special film coating, decorative film and environmentally friendly transfer paper, etc.	484,880 (RMB110,000) (Note 2)	By reinvesting in existing companies in third regions	-	-	-	-	61	25,011 (RMB 5,674)	12,818 (RMB 2,908)	356,590 (RMB 80,896)	38,200 (RMB 8,666)

Jiangyin Teruida Packing Technology Co., Ltd.	Production of special film coating, decorative film and environmentally friendly transfer paper, etc.	43,785 (RMB 9,933) （Note 2）	By reinvesting in existing companies in third regions	-	-	-	-	61	4,086 (RMB 927)	2,491 (RMB 565)	38,094 (RMB 8,642)	
Guang Feng (Wuxi) Co., Ltd.	R & D and production of large liquid crystal projection displays and optical engines for displays, projection tubes, etc.	190,994 (RMB 43,329)	By reinvesting in existing companies in third regions	112,276 (USD 3,656)	-	-	112,276 (USD 3,656)	45	(26,718) (USD -870)	(12,008) (USD -391)	31,816 (USD 1,036)	-
Glory Group Medical (Wuxi) Co., Ltd.	R&D and sales of gastrointestinal endoscopy and other businesses	76,775 (USD 2,500)	Directly to the mainland China for investment	76,775 (USD 2,500)	-	-	76,775 (USD 2,500)	41	(7,833)	(3,202)	22,893	
Ningbo Optivision Technology Co., Ltd.	Manufacture, processing and production of brightness enhancement film, film, diffusion film, optical film	148,187 (RMB 33,607)	By reinvesting in existing companies in third regions	161,473 (USD 5,258)			161,473 (USD 5,258)	45	(798) (USD -26)	(356) (USD -12)	35,702 (USD 1163)	
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	R&D and manufacturing of precision components	328,500 (RMB 74,500)	By reinvesting in existing companies in third regions	68,790 (USD 2,240)			68,790 (USD 2,240)	3	-	-	22,866 (USD 745)	

2. Limit on the amount of investment in the mainland China area

Company Name	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
K Laser Technology Inc.	$380,958 (USD 12,405)	$2,128,418 (USD 69,307) (Note 5)	$1,739,946
Optivision Technology Inc.	$230,263 (USD 7,498)	$262,755 (USD 8,556)	$573,182
Insight Medical Solutions Inc.	$76,775 (USD 2,500)	$76,775 (USD 2,500)	$84,175

Note 1: Including cash investments of US$2,512 thousand made through third-party business.
Note 2: Including cash investments of US$3,705 thousand made through third-party business.
Note 3: Including cash investments of RMB8,253 thousand made through third-party business.
Note 4: Including cash investments of RMB48,100 thousand made through third-party business.
Note 5: Retained earnings from investments amounted to US$11,748 thousand.
Note 6: The Company is approved by the competent authority as an operational headquarter and thus is not subject to the limitation of 60% of net worth or NT$80 million. Other companies are subject to the higher of 60% of net worth or NT$80 million.

3. Major transactions occurred directly or indirectly through third-party businesses with mainland China companies, refer to Tables 4 and 8.
4. Amounts of property transactions and their resulting gains or losses: None.
5. Situations involving endorsement, guarantee, or collateral provided by mainland China companies directly or indirectly through third-party businesses: None.
6. Situations involving funding provided directly or indirectly through third-party businesses by mainland China companies: None.
7. Other significant transaction matters affecting the current income or financial status: None.

K Laser Technology Inc. and Subsidiaries

Intercompany relationships and significant intercompany transactions

For the Year Ended December 31, 2022

Table 9 Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

For the year ended December 31, 2022

No	Company Name	Counterparty	Relationship	Transaction Status			
				Items	Amount	Transaction Terms	As a Percentage of Consolidated Total Revenue or Total Assets (%)
0	K Laser Technology Inc.	K Laser Technology (USA) Co., Ltd.	Parent company to subsidiary	Trade receivable	$ 106,328	—	1
0	K Laser Technology Inc.	K Laser Technology Japan Co., Ltd.	Parent company to subsidiary	Trade receivable	47,744	—	1
0	K Laser Technology Inc.	K Laser Technology (Dongguan) Co., Ltd.	Parent company to subsidiary	Trade payable	80,137	—	1
0	K Laser Technology Inc.	K Laser Technology (Wuxi) Co., Ltd.	Parent company to subsidiary	Trade payable	30,664	—	-
0	K Laser Technology Inc.	Treasure Access Limited	Parent company to subsidiary	Trade payable	22,007	—	-
0	K Laser Technology Inc.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Parent company to subsidiary	Trade payable	26,891	—	-
0	K Laser Technology Inc.	K Laser Technology (Dongguan) Co., Ltd.	Parent company to subsidiary	Purchase	279,084	—	4
0	K Laser Technology Inc.	K Laser Technology (Wuxi) Co., Ltd.	Parent company to subsidiary	Purchase	108,194	—	2
0	K Laser Technology Inc.	Treasure	Parent company to subsidiary	Purchase	157,873	—	2
0	K Laser Technology Inc.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Parent company to subsidiary	Purchase	79,163	—	1
0	K Laser Technology Inc.	K Laser Technology (USA) Co., Ltd.	Parent company to subsidiary	Sales	477,758	—	7
0	K Laser Technology Inc.	K Laser Technology Japan Co., Ltd.	Parent company to subsidiary	Sales	144,117	—	2

1	Top Band Investment Ltd.	K Laser Technology (Dongguan) Co., Ltd.	Subsidiary to subsidiary	Other receivable	RMB	2,891	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	Amagic Technologies U.S.A. (Dubai) Ltd.	Subsidiary to subsidiary	Trade receivable	RMB	6,738	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	Amagic Technologies U.S.A. (Dubai) Ltd.	Subsidiary to subsidiary	Sales	RMB	7,055	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Wuxi) Co., Ltd.	Subsidiary to subsidiary	Sales	RMB	5,639	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	Hunan Herui Laser Technology Co., Ltd.	Subsidiary to subsidiary	Sales	RMB	2,955	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Korea) Co., Ltd.	Subsidiary to subsidiary	Sales	RMB	4,735	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Wuxi) Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB	4,606	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB	21,646	—	1
2	K Laser Technology (Dongguan) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Trade payable	RMB	5,598	—	-
3	K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Trade payable	RMB	17,918	—	1
3	K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB	44,848	—	3
3	K Laser Technology (Wuxi) Co., Ltd.	K Laser Technology (Hongkong) Co., Ltd.	Subsidiary to subsidiary	Trade receivable	RMB	4,370	—	-
3	K Laser Technology (Wuxi) Co., Ltd.	K Laser Technology (Hongkong) Co., Ltd.	Subsidiary to subsidiary	Sales	RMB	22,292	—	2
4	Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary to subsidiary	Trade payable	$	92,930	—	1
4	Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary to subsidiary	Sales		176,063	—	3
5	Treasure	K Laser Technology (Dongguan) Co., Ltd.	Subsidiary to subsidiary	Trade payable	RMB	4,606	—	-
5	Treasure	K Laser Technology (Dongguan) Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB	22,456	—	2
6	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Herui Laser Technology Co., Ltd.	Subsidiary to subsidiary	Sales	RMB	2,509	—	-

Note 1: Information on transactions between the parent company and its subsidiaries should be indicated in the "Number" column, and the numbering method should be as follows:

1. The parent company should fill in "0".
2. Subsidiaries should be numbered sequentially starting from 1 in Arabic numerals according to their company type.

Note 2: There are three types of relationships with the counterparty, and the type should be marked:

1. Parent company to subsidiary
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: For calculating the ratio of transaction amount to the consolidated total revenue or total assets, if the transaction belongs to the asset and liability account, it should be calculated based on the year-end balance as a percentage of the consolidated total assets. If the transaction belongs to the income and expense account, it should be calculated based on the accumulated amount in the interim period as a percentage of the consolidated total revenue.

Note 4: The significant transaction information on this table may be disclosed based on the principle of materiality at the discretion of the company.

K Laser Technology Inc. and Subsidiaries

Information on major shareholders

December 31, 2022

Table 10

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kuo Wei-Wu（Note 3）	13,303,256	8.12%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Note 3: Acquired additional 14,000 shares in January 2023.