K LASER

ANNUAL REPORT 2023

K LASER TECHNOLOGY INC.

TWSE | 2461

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Annual Report 2023

光群雷射科技股份有限公司

K Laser Technology Inc.

K LASER

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Exchangeable Bond Exchange Marketplace Marketable Security：None

Company Website Address：www.klasergroup.com

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To Shareholders

The consolidated sales of K Laser Group in 2023 was 5.68 billion NT dollars, which was 11.6% lower than 2022. However, the annual gross profit margin of 2023 grew 3% to 21%. Affected by the loss of 300 million NT dollars posted by Optivision, K Laser Group also reported 3.54 million NT dollars operating loss for 2023. Net profit of 2023 was 104.1 million NT dollars, EPS 0.66.

The total revenues from our Hologram core business in 2023 was 4.41 billion NT dollars. The 5.9% decrease in revenue compared to 2022 was due to the global economic slowdown; however, the gross profit was elevated by 4.9% to reach 1.23 billion NT dollars for the full year. The operating profit was 281 million NT dollars. Despite market challenges, we see significant growth opportunities for hologram materials due to their unique role in the expansive packaging industry. We will continue to stay focused on increasing our market share and revenues. Our goal to double our 2020 total sales revenue by 2025 remains the same.

Technology Development

Given the mature nature of the market, technology and application innovations are imperative to improve market share and profits. We will take these actions to achieve our goals.

1. Upgrade technology for streamlined processes to reduce production cost.
2. Align product development with customers′ production processes and equipment to facilitate market expansion.
3. Adopt automated production to enhance production efficiency and ensure consistent product quality.
4. Dedicate ourselves to improving our design and origination capabilities to provide various unique products with authentication functions.

Our Strategy and Global Situation

While the world has moved past COVID pandemic, it is still in the mire of inflation and geopolitical conflicts. As we anticipate the world economy to improve and benefit our hologram business in 2024, we can’t help but notice how the economists are in disagreement and prepare for a rocky future. On top of that, we are subject to more industry trends and external factors such as

1. Sustainability regulations and pledges by brands
2. The changing consumer tastes and habits of new generations
3. Supply chain fragmentation.
4. Incessant trade wars, from the US tariffs on Chinese goods to the introduction of CBAM in the EU.

In light of the challenges and trends, we continue to commit ourselves to reducing environmental footprint, and at the same time, we offer our knowledge and experience of integrating hologram with graphic designs for creation of unique packaging for customers looking to enhance their product images.

While the complicated geopolitical rivalries are out of our hands, we have relentlessly strived to maintain agility in our business operations. This includes our efforts to expand manufacturing factories and sales channels in suitable locations, preparing to adjust for different scenarios.

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

Sincerely,

Alex Kuo
Chairman

2. Company Overview

1. Company profile

K laser group (TWSE: 2461) was founded in Hsinchu Science Park on April 29, 1988, and has been committed to laser holography since its establishment. At present, there are 16 offices and 11 production centers all over the world, and they are the main suppliers of laser materials and lens materials in the world. Products include laminating film, transfer film, hot stamping foil, cold stamping foils, laminating paper, transfer paper, etc., which can be widely used in anti-counterfeiting certification, packaging, printing and decoration.

2、 Milestones

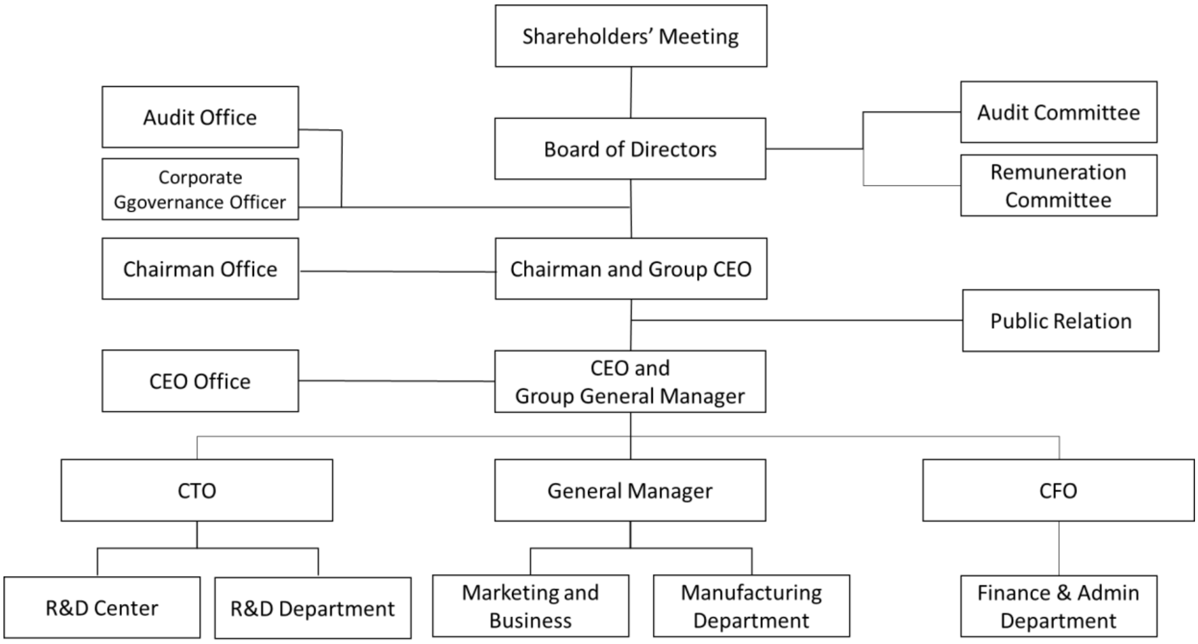
1988	Established in Hsinchu Science Park to manufacture and sell holographic anti-counterfeiting materials.
1989	Developed composition technology and strengthened product application development to expand market niche.
1990	Produced colorful diamond paper and general laser paper, entering the field of laser film production.
1991	Developed production equipment that can produce 30cm wide product and launched PVC laser film and self-adhesive paper products.
1992	Developed production equipment that can produce 60cm and 80cm wide products. Introduce CONTACT COPY and TRUE COLOR laser holography.
1993	Introduced digital laser holographic photography. Launched glazing film products. Established AMAGIC Holographic, Inc.
1994	Launched laser gilding film products. Completed the development of holography with various technology combinations.
1995	Launched holographic paper boxes and transparent laser anti-counterfeiting film products.
1996	IPO. Established subsidiaries in Dubai and Thailand. Launched holographic color OPP films. Phase-shifted Fizeau interferometer won the first Outstanding Optoelectronic Product Award at the International Optoelectronic Exhibition.
1997	Awarded by the Optical Engineering Society of the Republic of China as an excellent manufacturer of optics.
1998	Developed and completed the production equipment of 100cm wide product. Passed BSI ISO9001 international quality certification. Phase shift Fizeau interferometer won the 7th Taiwan Excellence Award.

1999	Listed on TPEx.
2000	Awarded Small Giant Award by Ministry of Economic Affairs.
2001	Listed on Taiwan Stock Exchange (Code: 2461). Won the National Rock Award.
	Established global operations headquarters in Hsinchu Science Park.
	Established U.S. R&D center and subsidiaries in Wuxi and Dongguan, China.
	Newly reinvested Everest display (projector industry).
2002	Established a subsidiary-K Laser Technology (Korea) Co.
2003	Established a subsidiary- K Laser Technology Japan Co.
2004	Newly reinvested Optivision Technology Inc. (photoelectric brightening film industry).
2012	Launched a Tru-Seamless holographic film.
	Optivision Technology Inc., a reinvestment company, was merged into K Laser Group and became a subsidiary.
2014	The subsidiary Optivision Technology Inc., was listed on TPEx (Code: 3666).
2015	Newly reinvested Insight Medical Solutions Inc. (medical instrument industry).
2016	HeRui Laser Technology Co. (holographic industry), a reinvestment company, was merged into K Laser Group and became a subsidiary.
	Everest display (projector industry), a reinvestment company, was merged into K Laser Group and became a subsidiary.
2017	Boxlight, an oversea reinvestment company, was listed on NASDAQ (Code: BOXL).
2019	Insight Medical Solutions Inc., a reinvestment company, was merged into K Laser Group and became a subsidiary.
2020	Completed the short form merger with the reinvestment company - Everest display (projector industry) on June 30, 2020.
2021	Merged reinvestment company - Jiangsu Sunderray Laser Packing Material Co., Ltd merged into K Laser Group and became a subsidiary of K Laser Group.
2022	The subsidiary in Dongguan sold the land and plant, and leaseback until 2024.
2023	Established a subsidiary- ZunYi Guangqun Laser Packaging Technology Co., Ltd.
	Established a subsidiary- K Laser Nanchang Co.

3. Governance Report of Company

1. Organization

(1) Organization Chart



(2) Functions of All Main Departments

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

2. Directors and Major Officers

(1). Director

1. Director (including Independent Director) Information

April 26, 2024

Title	Name	Gender Age	Elect (Take Office) Date	Tenure	Primary Election Date of Election	Time of Election Holding of Shares: Number of Shares	Time of Election Holding of Shares: Shareholding Rate	Present Shareholding: Number of Shares	Present Shareholding: Shareholding Rate	Present Shareholding of Spouse and Minors: Number of Shares	Present Shareholding of Spouse and Minors: Shareholding Rate	Shareholding in Names of Others: Number of Shares	Shareholding in Names of Others: Shareholding Rate	Main Experience and Education Degree	Current Part-Time Positions of the Company and Other Companies	Other managers, directors or supervisors who have a spouse or a relationship within parents: Title	Name	Relation	Remarks
Chairman	Alex Kuo	Male 61-70	2023.5.5	3	1988.3.16	13,737,256	8.39	13,804,756	8.05	1,099,194	0.64	—	—	Ph.D. of Electrical Engineering, State University of New York at Stony Brook, USA	Chairman, CEO and General Manager of K Laser Group Chairman and Director of Subsidiaries of K Laser Technology Inc.	Director Director	Daniel Kuo Lisa Hsu	Second-degree relative Spouse	Note 1
Director	Daniel Kuo	Male 61.70	2023.5.5	3	1992.6.21	818,254	0.50	818,254	0.48	4,572	—	—	—	Master of Civil Engineering, New Jersey Institute of Technology, USA	Chairman of Optivision Technology Inc. Director of Subsidiaries of K Laser Technology Inc.	Chairman Director	Alex Kuo Lisa Hsu	Second-degree relative Second-degree relative.	
Director	Lisa Hsu	Female 61-70	2023.5.5	3	2011.6.17	1,099,194	0.67	1,099,194	0.64	13,804,756	8.05	108,504	0.06	Master of Computer, New York Institute of Technology, USA Master of Economy, State University of New York, USA	Director of K Laser Technology Inc.	Director Chairman	Daniel Kuo Alex Kuo	Second-degree relative Spouse	
Independent Director	Bi-Xin Huang	Female 61-70	2023.5.5	3	2017.5.26	—	—	—	—	—	—	—	—	MBA, National Chiao Tung University Director of Administrative Finance of Hanenergy Technology Co., Ltd Financial Manager of AVID Electronics Corp. and Related Enterprise Accounting Director of Taiwan Semiconductor Manufacturing Co., Ltd. Accounting Manager of Taiwan Hongzhi Computer Co., Ltd	Independent Director of K Laser Technology Inc. Supervisor of Chin-Shi Electronic Material Ltd.	—	—	—	
Independent Director	Li-Hua Liao	Female 71-75	2020.5.5	3	2023.5.5	—	—	—	—	—	—	—	—	Bachelor, Science in Electron Physics, NCTU Associate researcher, NCSIST Director, Hemao Technology Co., Ltd. Director , Zicheng Investment Co., Ltd.	Independent Director of K Laser Technology Inc.	—	—	—	

Title	Name	Gender Age	Elect (Take Office) Date	Tenure	Primary Election Date of Election	Time of Election Holding of Shares		Present Shareholding		Present Shareholding of Spouse and Minors		Shareholding in Names of Others		Main Experience and Education Degree	Current Part-Time Positions of the Company and Other Companies	Other managers, directors or supervisors who have a spouse or a relationship within parents			Remarks
						Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Independent Director	Zheng-An Wang	Male 61-70	2023.5.5	3	2023.5.5	–	–	–	–	–	–	–	–	MS, Computer Science, New York Institute of Technology Bachelor, Science in Electron Physics, NCTU Legal person director representative, Changmao Technology Co., Ltd.	Finance and Administrative supervisor, Changmao Technology Co., Ltd. Legal person director representative, Changmao Technology Co., Ltd. Independent Director of K Laser Technology Inc.	–	–	–	
Independent Director	Hua-Sheng Xu	Male 61-70	2023.5.5	3	2023.5.5	–	–	–	–	–	–	–	–	Master, Engineering Science, University of Adelaide, Australia Bachelor, Science in Electron Physics, NCTU Deputy General Manager, Episil Technologies Inc. Senior manager, PMC Sierra	Independent Director of K Laser Technology Inc.	–	–	–	

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

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

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

2. Major shareholders of the institutional shareholders:

April 26, 2024

Institutional Shareholder	Major shareholders of the institutional shareholder	Shareholding
Three Fish Co., Ltd.	Kun-Lung Wang	21.75%
	Yu-Lan Wu	15.94%
	Guo-Fa Lin	3.60%
	Jian-Jhong Wu	5.76%
Hefeng United Co., Ltd.	Hui-Chen Su	83.33%
	En-Chih Lin	16.67%

3. Major shareholders of corporate shareholders if they are legal persons: None

4. Remuneration of general directors and independent directors in 2023

Unite: NT$ 1000

Title	Name	Remuneration of Director								Proportion of total amount to net profit after tax of individual financial report in 2021 (A+B+C+D)		Part-time employees receive relevant remuneration								Proportion of total amount to net profit after tax of individual financial report in 2021 (A+B+C+D+E+F+G)		Whether have received remuneration from reinvested enterprises or parent companies outside subsidiaries (J)
		Remuneration (A)		Retirement Pension (B)		Remuneration of Director (C)		Business Execution Expense (D)				Salary, Bonus, Special Disbursement/Special Allowance, etc. (E)		Retirement Pension (F)		Employee Remuneration (G)						
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company		All companies in financial report		The Company	All companies in financial report	
																Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
Chairman	Alex Kuo	—	—	—	—	1,256	1,256	36	36	1,292 1.24%	1,292 1.24%	4,536	5,057	38	38	1,500	—	1,500	—	7,366 7.08%	7,887 7.58%	—
Director	Daniel Kuo	—	—	—	—	502	502	36	72	538 0.52%	574 0.55%	—	5,422	—	—	—	—	—	—	538 0.52%	5,996 5.76%	—
Director	Lisa Hsu	—	—	—	—	251	251	36	36	287 0.28%	287 0.28%	—	—	—	—	—	—	—	—	287 0.28%	287 0.28%	—
Director	C.L. Kuo[5]	—	—	—	—	—	—	12	12	12 0.01%	12 0.01%	—	—	—	—	—	—	—	—	12 0.01%	12 0.01%	—
Independent Director	Bi-Xin Huang	360	360	—	—	—	—	30	30	390 0.37%	390 0.37%	—	—	—	—	—	—	—	—	390 0.37%	390 0.37%	—
Independent Director	Gen-Sen Chang-Hsieh[5]	150	150	—	—	—	—	12	12	162 016.%	162 0.16%	—	—	—	—	—	—	—	—	162 0.16%	162 0.16%	—
Independent Director	Ren Liu[5]	150	150	—	—	—	—	12	12	162 0.16%	162 0.16%	—	—	—	—	—	—	—	—	162 0.16%	162 0.16%	—
Independent Director	Li-Hua Liao	210	210	—	—	—	—	24	24	234 0.22%	234 0.22%	—	—	—	—	—	—	—	—	234 0.22%	234 0.22%	—
Independent Director	Zheng-An Wang	210	210	—	—	—	—	24	24	234 0.22%	234 0.22%	—	—	—	—	—	—	—	—	234 0.22%	234 0.22%	—
Independent Director	Hua-Sheng Xu	210	210	—	—	—	—	24	24	234 0.22%	234 0.22%	—	—	—	—	—	—	—	—	234 0.22%	234 0.22%	—

Description:

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

(2) According to the Company's Bylaws, the Company may pay the Directors as his/her carrying out the Company's duty. The amount is considered based on the degree of participation, the contribution and domestic/international industry level.

(3) The Directors' compensation is based on the salary policy approved by the Board of Directors and determined by his/her performance. The Company pays salary to the independent directors on monthly bases with fixed compensation. For other directors, the Company shall allocate the compensation under 2% of the pre-tax net income before deducting employees' and directors' compensation and distribute by the degree of participation and contribution to the company.

(4) The latest compensation is approved by the Board of Directors on March 12, 2024, and May 13, 2024.

(5) Mr. C.L.Kuo, Ms. Gen Sen Chang Hsieh , Mr. Ren Liu term expired on May 5, 2023.

5. Professional knowledge and independence of directors

Criteria / Name/ Title	Professional Qualification and Experience	Independent Directors' Independence Status (Note)	Number of Serving as an Independent Director in Other Taiwanese Public Companies Concurrently
Chairman Alex Kuo	Please refer to the Director Information on page 5-6 in this annual report None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Act. (Note 1)	1. General manager of the company. 2. Director of the company's affiliates. 3. One of the top ten natural-person shareholder of the company 4. Directly holds over five percent of the total number of issued shares of the company and is the largest shareholder of the company. 5. The Company has also verified the director comply with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Director Daniel Kuo		1. Director of the company's affiliates. 2. Relative within the second degree of kinship of the top ten natural-person shareholder of the company. 3. The Company has also verified the director comply with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Director Lisa Hsu		1. Relative within the second degree of kinship of of the top ten natural-person shareholder of the company. 2. The Company has also verified the director comply with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Independent Director Bi-Xin Huang		According to the Company's bylaw and Corporate Governance Best Practice Principles, the Company adopts the candidate nomination system for elections of directors. The Company has acquired the directors' written statements, working experiences, proof of current employment, and kinship forms, to verify themselves, their spouses, their third-degree relatives' independent status while nominating. The Company has also verified the four independent directors comply with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act from two years before electing to their term. The independent directors have exercised their power independently according to Article 14-3 of the Securities and Exchange Act.	0
Independent Director Li-Hua Liao			0
Independent Director Zheng-An Wang			0
Independent Director Hua-Sheng Xu			0

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed

serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.

3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet.
6. if she/he does not have any or limited legal capacity; or
7. if she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2:

1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
2. Not serving concurrently as an independent director on more than three other public companies in total.
3. During the two years before being elected and during the term of office, meet any of the following situations:
   (1) Not an employee of the company or any of its affiliates.
   (2) Not a director or supervisor of the company or any of its affiliates.
   (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
   (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
   (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.
   (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company.
   (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent).
   (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
   (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".

5.1 Board Diversity and Independence

(1) Diversity of the board of directors:

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

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

The current board of directors of the company consists of seven directors with outstanding professional backgrounds and rich experience in high-tech, finance, business and management fields, including 2 non-executive directors, 4 independent directors and 1 executive director (Alex Kuo, the chairman and General Manager), and the members have rich experience and professionalism in the fields of industry, business, international market, finance, industry analysis, enterprise resource planning and integration, etc.

The average age of the board of directors is 69 years old, and the seven directors are between 61 and 70 years old. In addition, the company also pays attention to gender equality in the composition of the board of directors. The proportion of female directors is 43%. There are currently seven directors, including three female directors. The Company also continues to strengthen corporate governance and promote the sound development of the composition and structure of the board. In addition to the industry and academia experts who specialize in their own industries, the board of directors also raise the goal to have one-third members with financial and management expertise to make the board more coordinative, to achieve the corporate governance blueprint set by the authority, In the future, we also plan to consider adding board members with legal or information technology expertise.

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

Diversity / Name	Basic Info									Experience in industry				Professional			
	Nationality	Gender	Employed by the Company	Age			Experience as independent director										
				61 | 65	66 | 70	71 | 75	< 3Y	3Y | 9Y	>9Y	Holographic	Management	Industry Analysis	Others	Finance	Foreign Market	IT	Risk Management
Alex Kuo	R.O.C.	Male	V		V					V	V	V			V		V
Daniel Kuo	R.O.C.	Male			V					V	V	V			V		V
Lisa Hsu	R.O.C.	Female			V						V			V	V	V	
Bi-Xin Huang	R.O.C.	Female			V			V					V	V			V
Li-Hua Liao	R.O.C.	Female				V	V				V		V	V			V
Zheng-An Wang	R.O.C.	Male			V		V			V	V	V		V		V	
Hua-Sheng Xu	R.O.C.	Male			V		V				V		V			V	V

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

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

(2) Independence of the Board of Directors:

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

Currently there are 7 Directors in the Board, including 4 independent director and 1 director with employee status (accounting for 57.1% and 14% of all Directors). The average tenure of three independent directors is 2.5 years (the tenure of 3 independent directors is less than 3 years and one director is 7 years).

As of the end of 2023, all independent directors complied with the regulations on independent directors of the Securities and Futures Bureau of the Financial Supervision Commission, and between all directors and independent directors, there are no such matters stated in article 26-3 paragraphs 3 and 4 of the Securities and Exchange Act. For independence, please refer to the disclosure of the professional qualifications and independent information of the independent directors on pages 8-9 of this annual report. For all directors, you can see the information of the directors on page 5-6 of this annual report.

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

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

April 26, 2024

Title	Name	Gender /Age	Appointment Date	Shareholding		The spouse's minor children shareholding		Shareholding in the name of others		Main Experience and Education Degree	Current position of other companies	Managers with spouse or within parents, etc.			Remarks
				Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding			Title	Name	Relation	
CEO and General Manager of Group	Alex Kuo	Male 61-70	2002.08.21	13,804,756	8.05%	1,099,194	0.64%	—	—	Ph.D. of Electrical Engineering, State University of New York at Stony Brook, USA Chairman of K Laser Group	—	—	—	—	Note 1
CFO Financial Officer Corporate Governance Officer	Teresa Huang	Female 51-60	2006.01.03	405,500	0.24%	—	—	—	—	Master of Accounting, Bentley University, USA CFO of K Laser	Supervisor of Ensam Trading (Holding) Co., Ltd.	—	—	—	
CTO	Liugong Lin	Male 61-70	2019.08.12	—	—	—	—	—	—	PhD of Chemistry, State University of New York at Stony Brook, USA Technical Manager of TSMC Founder and General Manager of Yingpu Technology Vice CEO of National Synchrotron Radiation Research Center R&D Vice Manager of K Laser	—	—	—	—	
Director of Marketing and Business	Jacky Chen	Male 51-60	2021.01.04	165,500	0.10%	—	—	—	—	Bachelor of Economy, Shih Hsin University Vice Manager of Marketing and Business Department of K Laser	—	—	—	—	
Director of Manufacturing	Sappho Chen	Female 51-60	2021.01.04	9,000	0.01%	—	—	—	—	International Trade of National Taichung University of Science and Technology Vice Manager of Manufacturing Department of K Laser	—	—	—	—	
Accounting Director	Serena Hung	Female 51-60	2013.08.13	20,000	0.01%	—	—	—	—	Master of Management Science of National Chiao Tung University Director of Finance of K Laser	—	—	—	—	
Audit Director	Yumei Tsai	Female 51-60	2018.08.14	41,715	0.02%	—	—	—	—	Master of Electronic Communication, California State University, San Francisco, USA Audit Director of K Laser Special Assistant of CEO Office of K Laser	—	—	—	—	

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

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

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

2. Remuneration of General Manager and Vice General Manager in 2023

Unite: NT$ 1000

Title	Name	Remuneration (A)		Retirement Pension (B)		Bonus, Special Disbursement/Special Allowance, etc. (C)		Amount of Employee Remuneration (Note 1) (D)				The ratio of the total amount of A, B, C and D to the net profit after tax in 2019		Whether have received remuneration from reinvested enterprises or parent companies outside subsidiaries (E)
								The Company		All companies in financial report				
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	Cash Bonus	Share Bonus	Cash Bonus	Share Bonus	The Company	All companies in Financial report	
CEO of Group And General Manager	Alex Kuo	1,884	2,405	38	38	2,652	2,652	1,500	—	1,500	—	5.83%	6.34%	—
Deputy General Manager	Teresa Huang Liugong Lin Jacky Chen Sappho Chen	6,156	6,770	467	467	1,733	1,922	1,500	—	1,500	—	9.47%	10.24%	—

Note 1: It is the total amount of employee remuneration in 2023 approved by the resolution of the board of directors on May 13, 2024.

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

May 13, 2024 /Unit: NT$ 1000

	Title	Name	Amount of Share Bonus	Amount of Cash Bonus	Total	Proportion of total amount to net profit after tax of individual financial report in 2022 (%)
Manager	CEO and General Manager of Group	Alex Kuo	—	3,520	3,520	3.38
	CFO Financial Officer Corporate Governance Officer	Teresa Huang				
	CTO	Liugong Lin				
	Audit Director	Yumei Tsai				
	Accounting Director	Serena Hung				
	Director of Marketing and Business	Jacky Chen				
	Director of Manufacturing	Sappho Chen				

Note: It is the proposed distribution amount of the total amount of employee remuneration in 2023 approved by the resolution of the board of directors on May 13, 2024.

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

Unite: NT$ 1000

Title	2022				2023			
	The Company		All companies in financial report		The Company		All companies in financial report	
	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax
Director	6,026	2.17%	6,068	2.19%	3,546	3.41%	3,582	3.44%
General Manager and Vice General Manager	16,989	6.13%	18,332	6.61%	15,930	15.30%	17,254	16.57%

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

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

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

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

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

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

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

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

3. Corporate Governance Implementation

(1) Information of Operation Situation of Board of Directors

Chairman Alex Kuo held 6 board meetings in 2023, and the attendance of directors is as follows:

Title	Name	Times of Actual Presence	Times of Authorized Presence	Actual Presence Ratio	Remarks
Chairman	Alex Kuo	6	0	100%	-
Director	Daniel Kuo	6	0	100%	-
Director	Lisa Hsu	6	0	100%	-
Director	Lisa Hsu	6	0	100%	-
Director	C.L. Kuo	2	0	100%	Term concluded on May 5,2023
Independent Director	Gen-Sen Chang-Hsieh	2	0	100%	Term concluded on May 5,2023
Independent Director	Bi-Xin Huang	5	1	83%	-
Independent Director	Ren Liu	2	0	80%	Term concluded on May 5,2023
Independent Director	Li-Hua Liao	4	0	100%	Newly appointed on May 5 ,2023
Independent Director	Zheng-An Wang	4	0	100%	Newly appointed on May 5 ,2023
Independent Director	Hua-Sheng Xu	4	0	100%	Newly appointed on May 5 ,2023

Other recorded matters:

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

(1) Matters listed in Article 14-3 of the Securities and Exchange Law:
The Company has set up an audit committee, which is not applicable to Article 14-3 of the Securities and Exchange Law. Please refer to the operation of the audit committee in this annual report for relevant information.

(2) Except for the previous matters, other matters resolved by the board of directors with records or written statements that are opposed or reserved by independent directors: None。

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

(1) The “Rules of Procedure of the Board of Directors” of the Company clearly stipulates that directors who have an interest in meeting matters with themselves or the legal persons they represent should explain the important contents of their own interests to

the current board of directors, and those who are in danger of harming the interests of the company should not participate in the discussion and voting, and should avoid the discussion and voting, and should not exercise their voting rights on behalf of other directors.

(2) If a director participates in voting in violation of the withdrawal, his voting rights shall be invalid.

(3) Proposals related to directors' interests up to now:

-The 17th meeting of the 12th session of Board of Directors on March 23, 2023

- Discussed the remuneration of independent directors, members of the Audit Committee and Remuneration Committee of the Company. Independent directors, members of the Audit Committee and Remuneration Committee Gen-Sen Chang-Hsieh, Bixin Huang and Ren Liu did not participate in the discussion and voting of this proposal.
- Approved the company’s managers’ 2022 performance evaluation and employee bonus distribution.

  Alex Kuo (chairman and employee) did not participate in the discussion and voting of this proposal.
- Approved the company's 2022 employee and director remuneration distribution.

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

-The 5th meeting of the 13th session of Board of Directors on March 28, 2024

- Approved the disposal of shareholding of Optivision Technology Inc.

  Daniel Kuo (Chairman of Optivision Technology Inc), Alex Kuo (Relative within the second degree of kinship of Daniel Kuo), did not participate in the discussion and voting of this proposal.

-The 6th meeting of the 13th session of Board of Directors on May 13, 2024

- Approved the company's 2023 employee and director remuneration distribution.

  Alex Kuo (chairman and employee), Lisa Hsu(director), Daniel Kuo(director), did not participate in the discussion and voting of this proposal.
- Approved the company’s managers’ 2023 employee bonus distribution.

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

3. The status of evaluating board of directors

Evaluation cycle: once a year

Evaluation period: to evaluate the performance of the board of directors from January 1 to December 31, 2023

Evaluation scope: board of directors, individual directors, Audit Committee, and Remuneration Committee

Evaluation methods: internal self-evaluation of the board of directors, self-evaluation of board members and peer evaluation

Evaluation content: (Full score is 5)

I. Performance evaluation of board of directors

Examination items	Average score
Participation in the company's operations	4.76
Improve the decision-making quality of the board of directors	4.91
Composition and structure of board of directors	4.91
Selection and Continuing Education of Directors	4.91
Internal Control	4.94

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

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

III. Performance evaluation of functional committees:

A. Performance evaluation of the Audit Committee

Examination items	Average score
Participation in the company's operations	5.00
Occupational cognition	4.90
Composition and selection of Committee members	4.83
Internal Control	4.83

B. Performance evaluation of remuneration committee

Examination items	Average score
Participation in the company's operations	5.00
Occupational cognition	4.73
Composition and selection of Committee members	4.78

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

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

(2) On March 23, 2023, to improve professional functions of the board of directors, the board of directors of the Company resolved to appoint Corporate Governance Officer to assist in the operation of the board of directors.

(3) On March 12, 2024, to improve corporate governance and professional functions of the board of directors, the board of directors of the Company resolved to amend the rules of procedure of the board of directors and Audit Committee Charter, effectively play the role of directors.

(4) The Company has finished the 2023 performance evaluation for board of directors and functional committees and has reported the outcome to the board on March 12, 2024, and will report on 2024 Shareholders' meeting.

(5) Evaluation of implementation situation: The board of directors and functional committees operated normally.

(2) Information on the operation of the Audit Committee

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

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

A. establish or amend the internal control system

B. Assessment of the effectiveness of the internal control system

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

D. Matters involving directors' own interests

E. significant transactions in assets or derivatives

F. Significant loan of funds, endorsement or guarantee

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

H. Appointment, dismissal or remuneration of certified public accountants

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

J. Annual financial report and semi-annual financial report

The Board of Directors prepared the Company's business report, financial statements and earnings distribution proposal for the year of 2023, among which the financial statements were audited by Deloitte & Touche, and an audit report was issued. The above-mentioned business report, financial statements and earnings distribution proposal have been checked by the Audit Committee, and it is considered that there is no discrepancy.

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

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

The Audit Committee is entrusted with the responsibility of supervising the independence of certified public accountants to ensure the fairness of financial statements. In order to ensure the independence of certified public accountants, the Audit Committee formulates an independence evaluation form with reference to Article 29 of the Corporate Governance Best Practice Principles for audit quality indicators (AQIs), Article 47 of the Accounting Law and the contents of the Announcement No.10 of Professional Ethics of Accountants, "Integrity, Fairness, Objectivity and Independence", and evaluates the independence, professionalism and competency of accountants to assess whether they are related persons, business or financial interests with the Company; On Mar 23th 2023, the Audit Committee reviewed and approved the CPAs Huang Yimin and Hsu Wenya of Deloitte & Touche, who are qualified to serve as certified accountants of finance and tax of the Company; On Mar 28th 2024, for internal adjustments of Deloitte & Touche, the Audit Committee reviewed and approved the CPAs Wu Ker Chang and Hsu Wenya of Deloitte & Touche, who are qualified to serve as certified accountants of finance and tax of the Company.

(2) Meetings of the Audit Committee:

Chairman Li-Hua Liao / Bi-Xin Huang convened the Audit Committee 4 times in 2023, and the attendance was as follows:

Title	Name	Times of Actual Presence	Times of Authorized Presence	Actual Presence Ratio	Remarks
President	Li-Hua Liao	3	0	100%	Newly appointed on May 5 ,2023
Member of Committee	Bi-Xin Huang	3	1	75%	-
Member of Committee	Zheng-An Wang	3	0	100%	Newly appointed on May 5 ,2023
Member of Committee	Hua-Sheng Xu	3	0	100%	Newly appointed on May 5 ,2023
Member of Committee	Gen-Sen Chang-Hsieh	1	0	100%	Term concluded on May 5,2023
Member of Committee	Ren Liu	1	0	100%	Term concluded on May 5,2023

(3) Other recorded matters:

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

A. Operation of the Audit Committee.

Meeting date (Session)	Content of motion	Matters listed in Article 14-5 of the Securities and Exchange Law	Matters not approved by the Audit Committee but agreed by more than 2/3 of all directors
March 23, 2023 (14th meeting of the 2nd Session of the Audit Committee)	1. Internal Audit Report.		None
	2. Evaluation of the independence and qualification of attestation CPA.	V	
	3. Create "Rule of advanced approving the attestation CPA for non-assurance service"		
	4. Annual audit report and internal control system statement report of 2022	V	
	5. The operation report and financial statement of 2022	V	
	6. The surplus distribution in the fourth quarter of 2022		
	7. The budget and operation plan of 2023		
	8. Set up the position of corporate governance officer		
	Resolution of the Audit Committee (March 23, 2023): All members of the Audit Committee agreed. Handling of the opinions of the Audit Committee by the company: All the presented directors agreed.		
May 15, 2023 (First meeting of the 3rd Session of the Audit Committee)	1. Appoint Li-Hua Liao as the convener of the 3rd Session of the Audit Committee		None
	2. Internal Audit Report.		
	3. Financial statements and surplus distribution in the first quarter of 2023		
	4. The subsidiary company, K Laser (DongGuan) INC. grant loan to the subsidiary company.		
	Resolution of the Audit Committee (May 15, 2023): All members of the Audit Committee agreed. Handling of the opinions of the Audit Committee by the company: All the presented directors agreed.		
August 10, 2023 (2nd meeting of the 3rd Session of the Audit Committee)	1. Internal Audit Report.		None
	2. Financial statements and earnings distribution in the first two quarters of 2023.	V	
	3. The adjustment of credit line and interest that subsidiary company, K Laser (DongGuan) INC. grant loan to the subsidiary company.		
	Resolution of the Audit Committee (August 10, 2023): All members of the Audit Committee agreed. Handling of the opinions of the Audit Committee by the company: All the presented directors agreed.		
November 10, 2023 (3rd meeting of the 3rd Session of the Audit Committee)	1. Internal Audit Report.		None
	2. The pre-review Non-Assurance Services of CPA.		
	3. Financial statements and surplus distribution in the first three quarters of 2023		
	4. Internal audit plan of 2024		
	5. The subsidiary company, K Laser (DongGuan) INC. invest in Jinjinghesheng (Xiamen) Venture Capital Fund Partnership Enterprise (Limited Partnership)		
	6. The adjustment of the investment structure in China and equity transfer of Hunan Hexin Packing Material Co., Ltd		

<table>
<tr><th>Meeting date (Session)</th><th>Content of motion</th><th>Matters listed in Article 14-5 of the Securities and Exchange Law</th><th>Matters not approved by the Audit Committee but agreed by more than 2/3 of all directors</th></tr>
<tr><td></td><td colspan="3">Resolution of the Audit Committee (November 10, 2023): All members of the Audit Committee agreed.
Handling of the opinions of the Audit Committee by the company: All the presented directors agreed.</td></tr>
<tr><td rowspan="8">March 12, 2024
(4th meeting of the 3rd Session of the Audit Committee)</td><td>1. Internal Audit Report.</td><td></td><td rowspan="7">None</td></tr>
<tr><td>2. Annual audit report and internal control system statement report of 2023.</td><td>V</td></tr>
<tr><td>3. The operation report and financial statement of 2023.</td><td>V</td></tr>
<tr><td>4. The surplus distribution in the fourth quarter of 2023.</td><td></td></tr>
<tr><td>5. The budget and operation plan of 2024.</td><td></td></tr>
<tr><td>6. The endorsements and guarantees of the K Laser Dong Guan.</td><td></td></tr>
<tr><td>7. To amend the Audit Committee Charter.</td><td></td></tr>
<tr><td colspan="3">Resolution of the Audit Committee (March 12, 2024): All members of the Audit Committee agreed.
Handling of the opinions of the Audit Committee by the company: All the presented directors agreed.</td></tr>
<tr><td rowspan="4">March 28, 2024
(5th meeting of the 3rd Session of the Audit Committee)</td><td>1. CPA replacement and the independence and qualification evaluation of attestation CPA.</td><td>V</td><td rowspan="3">None</td></tr>
<tr><td>2. Advanced approving the attestation CPA for non-assurance service.</td><td></td></tr>
<tr><td>3. The disposal of shareholding of subsidiary company</td><td>V</td></tr>
<tr><td colspan="3">Resolution of the Audit Committee (March 28, 2024): All members of the Audit Committee agreed.
Handling of the opinions of the Audit Committee by the company: All the presented directors agreed.</td></tr>
<tr><td rowspan="4">May 13, 2024
(6th meeting of the 3rd Session of the Audit Committee)</td><td>1. Internal Audit Report.</td><td></td><td rowspan="3">None</td></tr>
<tr><td>2. Financial statements and surplus distribution in the first quarter of 2024.</td><td></td></tr>
<tr><td>3. The subsidiary company, K Laser (DongGuan) INC. grant loan to the subsidiary company.</td><td></td></tr>
<tr><td colspan="3">Resolution of the Audit Committee (May 13, 2024): All members of the Audit Committee agreed.
Handling of the opinions of the Audit Committee by the company: All the presented directors agreed.</td></tr>
</table>

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

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

A. The internal audit director of the Company regularly communicates the audit report results with the audit committee members and makes an internal audit report at the quarterly audit committee meeting. In case of special circumstances, he will immediately report to the audit committee members. In 2023, there was no such special situation. The communication between the Audit Committee of the Company and the internal audit supervisor is in good condition.

B. The certified public accountants of the Company report the audit or review results of the financial statements of the current quarter and other communication matters required by relevant laws and regulations at the quarterly audit committee meeting. If there are any special circumstances, they will immediately report to the members of the audit committee. In 2023, there was no such special situation. The Audit Committee of the company communicates well with certified accountants.

Meeting date (Session)	Communicate with the internal audit supervisor	Communicate with certified accountants
March 23, 2023 (14th meeting of the 2nd Session of the Audit Committee)	1. Review the internal audit report (closed-door meeting) 2. Review the Statement of Internal Control System in 2022	1. Discuss the review of the financial statements in 2022, including any problems or difficulties in the review and the response of the management (closed-door meeting) 2. Report on changes of laws and regulations
May 15, 2023 (First meeting of the 3rd Session of the Audit Committee)	Review internal audit report (closed-door meeting)	1. Discuss the review of the financial statements in the first quarter of 2023, including any problems or difficulties in the review and the response of the management (closed-door meeting)
August 10, 2023 (2nd meeting of the 3rd Session of the Audit Committee)	Review internal audit report (closed-door meeting)	1. Discuss the review of the financial statements in the first two quarters of 2023, including any problems or difficulties in the review and the response of the management (closed-door meeting)
November 10, 2023 (3rd meeting of the 3rd Session of the Audit Committee)	Review internal audit report (closed-door meeting)	1. Discuss the review of the financial statements in the first three quarters of 2023, including any problems or difficulties in the review and the response of the management (closed-door meeting) 2. Meeting between CPA and governance before 2023 annual audit
March 12, 2024 (4th meeting of the 3rd Session of the Audit Committee)	1. Review the internal audit report (closed-door meeting) 2. Review the Statement of Internal Control System in 2023	1. Discuss the review of the financial statements in 2023, including any problems or difficulties in the review and the response of the management (closed-door meeting) 2. Report on changes of laws and regulations
May 13, 2024 (6th meeting of the 3rd Session of the Audit Committee)	Review internal audit report (closed-door meeting)	1. Discuss the review of the financial statements in the first quarter of 2024, including any problems or difficulties in the review and the response of the management (closed-door meeting)

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

(3) The operation of corporate governance and the differences between it and the code of practice on corporate governance of listed and OTC companies and the reasons

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
1. Whether the company has formulated and disclosed the Code of Practice on Corporate Governance in accordance with "the Code of Practice on Corporate Governance of Listed and OTC Companies"?	✓		On May 12, 2020, the Company submitted the Company's Code of Practice on Corporate Governance to the Board of Directors for review, and after it was reviewed and approved by the Board of Directors, it was disclosed on the website of the Company and the public information viewing station.	None
2. The company's equity structure and shareholder rights (1) Does the company formulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to the procedures? (2) Does the company have a list of the major shareholders who actually control the company and the ultimate controllers of the major shareholders? (3) Does the company establish and implement risk control and firewall mechanisms with related enterprises? (4) Does the company set internal regulations to prohibit insiders from using undisclosed information in the market to buy and sell securities?	✓		(1) The Company has established operating procedures and has spokespersons, proxy spokespersons, stock affairs contractors, etc., which can effectively deal with shareholders' suggestions or disputes and other related issues. (2) There is a special person responsible for handling and mastering the list of the major shareholders who actually control the company and the ultimate controllers of the major shareholders. (3) The management powers and responsibilities among the related enterprises of the Company are clearly divided, and the business contacts are also subject to the relevant provisions of the internal control system of the Company. (4) The Company has formulated internal regulations prohibiting insiders from trading securities by using undisclosed information in the market.	None
3. Composition and Responsibilities of the Board of Directors (1) Has the board of directors drawn up a diversified policy on its membership and implemented it? (2) Does the company voluntarily set up other functional committees besides the Remuneration Committee and audit committee according to law? (3) Has the company formulated the performance evaluation method of the board of directors and its evaluation method, conducted the performance evaluation on an annual and regular basis, and reported the results of the performance evaluation to the board of directors, and used them as reference for individual directors' remuneration and nomination for renewal? (4) Does the company regularly evaluate the independence of certified accountants?	✓		(1) On May 12, 2020, the Company submitted the Company's Code of Practice on Corporate Governance to the Board of Directors for review. Chapter III, Strengthening the Board's Functions, is to formulate the policy of diversity of board members. The nomination and selection of board members of the Company follow the provisions of the Articles of Association and adopt the candidate nomination system. Besides evaluating the academic qualifications of candidates, they also comply with the method of election of directors and the Code of Practice on Corporate Governance of Listed and OTC Companies issued by Taiwan Stock Exchange to ensure the diversity and independence of board members. (2) The members of the Board of Directors of the Company have different professional backgrounds, genders and work fields, and the list of the 13th directors of the Company. Chairman Alex Kuo, director Daniel Kuo are good at business management, decision-making judgment, international negotiation and crisis	None

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
			management, and have in-depth and rich industrial knowledge and international market outlook. Director Lisa Hsu is good at communication and public relations affairs, the number of independent directors increased from three to four, independent directors Bi-Xin Huang、Li-Hua Liao、Zheng-An Wang and Hua-Sheng Xu. They have rich experience and major in finance, industry analysis, enterprise resource planning integration, financial accounting, logistics management and other related fields, which are of great benefit to the operation and management of the Company. (3) In order to realize the diversity of directors and improve the board structure, the proportion of female directors is 43%, the proportion of directors with employee status is 14%, the proportion of independent directors is 57%, three independent director has a term of less than 3 years, one independent director has a term of 6-9 years, and seven directors are all aged 60-71. In addition, in order to continuously strengthen the professionalism and diversity of the board of directors, the Company plans to consider adding board members with legal or information technology expertise, to make the board more coordinately. (4) The diversity policy formulated by the board of directors on its membership is disclosed on the company website and the public information viewing station. (5) The Company has set up Remuneration Committee and Audit Committee according to law, and will decide whether to set up other functional committees according to business needs in the future. (6) The Company has worked out the Rules of Performance Evaluation for Board of Directors and Functional Committee. According to the rule, the performance evaluation should be conducted annually, the scope being the whole year and should be completed by next year shareholders' general meeting. The Company has finished the performance evaluation for board of directors and functional committees and reported the outcome to the board of directors on March 12, 2024. (7) The certified public accountant appointed by the Company is not a director, supervisor, manager, employee or shareholder of the Company or its	

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
			related party and meets the requirements of independent judgment of the competent authority. The Company regularly evaluates (once a year) the professionalism and independence of the certified public accountants every year, according to Article 29 of the Corporate Governance Best Practice Principles for audit quality indicators (AQLs), Article 47 of the Accounting Law and the contents of the Announcement No.10 of Professional Ethics of Accountants, "Integrity, Fairness, Objectivity and Independence". The certified public accountants have also issued an independence statement on the entrusted audit operation, which was submitted by the Finance Administration Department and reviewed and approved by the Board of Directors on March 23, 2023, and March 28, 2024. The certified financial and tax accountants for the year of 2023 have all met the independence evaluation standards of the Company, and are qualified to serve as certified accountants and accounting firms of the Company and issue a statement of independence.	
4. Are listed and OTC companies equipped with competent and appropriate number of corporate governance personnel, and designate corporate governance supervisors to take charge of corporate governance-related affairs (including but not limited to providing information required by directors and supervisors to perform their business, handling matters related to meetings of board of directors and shareholders' meeting according to law, handling company registration and change registration, and making minutes of board of directors and shareholders' meeting, etc.)?	✓		The board of directors assigned Teresa Huang, the CFO, as the corporate governance officer, in-charge of the relevant corporate governing matters, including arranging the board of director, audit committee, remuneration committee, and shareholders’ meeting; assisting directors to on-board and continuing education; providing data for directors to implement business; and assisting directors to comply with laws. Implementation status of activities for the current year is as follows: 1.Compiled board meeting agenda and furnished sufficient material to send with notices to relevant parties for attendance as needed (6 meeting convened in 2023) 2. Invited CPAs to present audit reports or related content every half fiscal year. 3.Organized preregistration for shareholder meeting dates, prepared notices, agenda and minutes, and published information by prescribed deadlines with English versions available to investors worldwide (1 convened in 2023) 4.Pursuant to the Rules for Director’s Remuneration and Board Performance Evaluations, we have conducted an annual self-assessment in January 5.The training status of corporate governance executive: please refer to the Note.	None

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate governance of listed and OTC companies
	Yes	No	Abstract Description	
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up stakeholder zones on the company website, and properly respond to important corporate social responsibility issues concerned by stakeholders?	✓		The Company has established appropriate communication channels and set up website zones with stakeholders such as manufacturers, customers, banks and investors to properly respond to important corporate social responsibility issues of concern to stakeholders.	None
6. Does the company appoint a professional agency to handle the affairs of the shareholders' meeting?	✓		The Company appoints a professional stock affairs agency to handle the affairs of the shareholders' meeting.	None
7. Information Disclosure (1) Does the company set up a website to disclose financial business and corporate governance information? (2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a special person to collect and disclose company information, implementing the spokesperson system, placing the company website during the legal person briefing, etc.)? (3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the financial reports of the first, second and third quarters and the operating conditions of each month before the prescribed time limit?	✓		(1) The Company has websites in both Chinese and English, the address of which is http://www.klasergroup.com, and has disclosed the company's status, basic information and business-related information. (2) The Company has appointed a special person to be responsible for the disclosure of major information of the Company and input the announcement of the "Market Observation Post System" on time. (3) The company announce and declare the annual financial report , the financial reports of the first, second and third quarters and the operating conditions of each month before the prescribed time limit.	None
8. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of interested parties, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors, etc.)?	✓		(1) All directors of the Company have professional background and are currently engaged in related work; all directors have studied for 12 hours in 2023. In addition, the company also provides relevant further education information for reference from time to time. (2) Implementation of risk management policies and risk measurement standards: details of other important risks and corresponding measures. (3) Implementation of policies to protect consumers or customers: The Company has a special person responsible for handling customer complaints or product control. (4) The Company purchased liability insurance for directors: In order to strengthen the corporate governance mechanism, the Company purchased liability insurance of USD 3 million for directors of the Company from November 5, 2023, to	None

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Operation Situation</td><td rowspan="2">Differences and reasons between the code of practice on corporate governance of listed and OTC companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Abstract Description</td></tr>
<tr><td></td><td></td><td></td><td>November 5, 2024, which was reported to the Board of Directors on November 10, 2023.</td><td></td></tr>
<tr><td colspan="5">9. Please explain the improved situation according to the evaluation results of corporate governance released by the Corporate Governance Center of Taiwan Stock Exchange in the latest year, and put forward priority strengthening items and measures for those that have not been improved:
1. Does the company formulate and disclose a code of practice on corporate governance in accordance with “the Code of Practice on Corporate Governance of Listed and OTC Companies”? On May 12, 2020, the Company submitted the Company's Code of Practice on Corporate Governance to the Board of Directors for approval and uploaded it to the public information viewing station and the website of the Company after it was approved by the Board of Directors.
2. The Company has finished the performance evaluation for board of directors and functional committees and reported the outcome to the board of directors on March 12, 2024.
3. The board of directors assigned Teresa Huang, the CFO, as the corporate governance officer, in-charge of the relevant corporate governing matters, including arranging the board of director, audit committee, remuneration committee, and shareholders’ meeting; assisting directors to on-board and continuing education; providing data for directors to implement business; and assisting directors to comply with laws.
4. The Company has reported 2022 compensation of the board of directors on 2023 shareholder meeting.
5. The company has recorded the important contents and responses of shareholders’ questions in the minutes of the 2023 shareholders meeting.</td></tr>
</table>

Note: The training status of corporate governance executive

<table>
<tr><td>Date</td><td>Training organizer</td><td>course</td><td>Hours of study</td></tr>
<tr><td rowspan="2">2023/11/10</td><td rowspan="4">Taiwan Corporate Governance Association</td><td>corporate sustainable governance from a risk perspective - from corporate governance to ESG</td><td>3</td></tr>
<tr><td>Introduction and align with to and Sustainability Disclosure Standards</td><td>3</td></tr>
<tr><td rowspan="2">2023/11/11</td><td>Disclosure of important news and responsibilities of directors and supervisors</td><td>3</td></tr>
<tr><td>The change of political and economic situation of international and China, how does Taiwan respond</td><td>3</td></tr>
<tr><td>2024/3/20</td><td rowspan="2">Securities & Futures Institute (SFI)</td><td>Opportunities and challenges for Taiwan’s industries under geopolitics -PMI/NMI exclusive analysis</td><td>3</td></tr>
<tr><td>2024/3/21</td><td>How to play the role of functional committees under the board of directors</td><td>3</td></tr>
</table>

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

(1) Information on members of the remuneration Committee

May 31, 2024

Identification	Condition / Name	Professional qualifications and experience	Independence	Number of members of Remuneration Committees of other public companies
Independent Director	Zheng-An Wang	Please refer to P8-9 "Professional knowledge and independence of directors"	All the members of remuneration committee comply with status below: 1. Comply with Article 14-6 of Company Act and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". 2. The members (or held by the person under others' names, their spouses and their minor children don't hold the Company's share. 3. Didn't provide the service like business, legal, financial, and accounting, nor receiving remuneration from the Company or affiliated companies.	0
Independent Director	Li-Hua Liao			0
Independent Director	Hua-Sheng Xu			0

During the two years before being elected and during the term of office, meet any of the following situations:

(1) Not an employee of the company or any of its affiliates;
(2) Not a director or supervisor of the company or any of its affiliates;
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
(6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
(7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
(9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".

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

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

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

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

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

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

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

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

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

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

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

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

(3) Information on the operation of the Remuneration Committee

1. There are 3 members of the Remuneration Committee of the Company.

2. The term of office of the current member: May 15, 2023 to May 4, 2026. The Remuneration Committee was held 3 times in 2023, and the attendance of the members of the Remuneration Committee is as follows:

Title	Name	Times of Actual Presence	Times of Authorized Presence	Ratio of Actual Presence	Remarks
Convener	Zheng-An Wang	2	0	100%	Newly appointed on May 15 ,2023
Member of Committee	Li-Hua Liao	2	0	100%	
Member of Committee	Hua-Sheng Xu	2	0	100%	
Member of Committee	Gen-Sen Chang-Hsieh	1	0	100 %	Term concluded on May 5,2023
Member of Committee	Bi-Xin Huang	1	0	100 %	
Member of Committee	Ren Liu	1	0	100%	

Other recorded matters:

1. If the board of directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date and period of the board of directors, the content of the proposal, the resolution result of the board of directors and the company's handling of the opinions of the Remuneration Committee (if the remuneration approved by the board of directors is better than the recommendations of the Remuneration Committee, it shall state the differences and reasons): None.
2. If members have objections or reservations and have records or written statements, they shall state the date, period, contents of the proposal, opinions of all members and treatment of opinions of members: none.

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

Date	Content of motion	Resolution Result	The company's handling of the opinions of the Remuneration Committee
March 23, 2023	Review the remuneration distribution of employees and directors of the Company in 2022. Review the 2022 performance evaluation of Managers Review the company's Managers employee bonus distribution in 2022.	All members of the Committee agreed	Submitted to the board of directors and approved by all the presented directors
May 15, 2023	Appoint the convener of the 5th Session of The Remuneration Committee.	Appoint Zheng-An Wang as the convener of the 5th Session of The Remuneration Committee	Has been implemented with resolution.
August 10, 2023	The company's manager’s salary adjustment.	All members of the Committee agreed	Submitted to the board of directors and approved by all the presented directors
May 13, 2024	The remuneration distribution of directors of the Company in 2023 The 2023 performance evaluation and bonus distribution of managers of the Company.	All members of the Committee agreed	Submitted to the board of directors and approved by all the presented directors

(5) Corporate governance officer

The board of directors assigned Teresa Huang, the CFO, as the corporate governance officer, in-charge of the relevant corporate governing matters, including arranging the board of director, audit committee, remuneration committee, and shareholders’ meeting; assisting directors to on-board and continuing education; providing data for directors to implement business; and assisting directors to comply with laws.

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

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate social responsibility of listed and OTC companies
	Yes	No	Abstract Description	
1. Does the company set up a special (part-time) unit to promote sustainable development which is authorized by the board of directors to be handled by senior management and reported to the board of directors?	✓		The company's social responsibility promotion is held by the chairman of the board as the convener, and the chairman's office and the financial administration department are concurrently responsible for implementing relevant corporate governance norms, participating in social welfare, formulating the company's environmental protection and energy saving measures, and implementing the government's relevant energy saving and carbon reduction plans, so as to cultivate and fulfill corporate social responsibility for a long time in a systematic and organized way.	None
1. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		Based on the business philosophy and vision, the Company has fully fulfilled its social responsibilities, formulated “the Code of Practice on Corporate Social Responsibility”, which was approved by the Board of Directors, and reviewed the implementation results in a timely manner, and its daily operation activities followed legal norms.	None
3. Environmental issues (1) Does the company establish an appropriate environmental management system according to its industrial characteristics? (2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load? (3) Does the company assess the potential risks and opportunities of climate change to the enterprise at present and in the future, and take corresponding measures for climate-related issues? (4) Does the company keep statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other waste management?	✓		(1)The Company has established an appropriate environmental management system according to the industrial characteristics. Our process is free from air pollution and has obtained the water pollution prevention measures plan permit, and invested in wastewater equipment to treat the wastewater generated in the process. (2)The Company is committed to improving the utilization efficiency of various resources and formulating relevant management measures. In order to improve the utilization efficiency of water resources, our company purchases and regularly maintains equipment such as ice water machines and cooling towers to strengthen water recycling and reuse, so as to save energy and reduce carbon. (3)At present, the Company has not evaluated the potential risks and opportunities of the enterprise at present and in the future in view of climate change and has taken corresponding measures for climate-related issues, which will be gradually revised in the future. (4)The Company promotes various energy-saving and carbon-reducing measures, including the installation of LED lamps and paperless operation, so as to reduce the impact of our operation on the natural environment. (5) Statistics on the company’s greenhouse gas emissions, water consumption and waste in the	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Situation</th><th rowspan="2">Differences and reasons between the code of practice on corporate social responsibility of listed and OTC companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Description</th></tr>
<tr><td></td><td></td><td></td><td>past two years
<table><tr><td>K Laser Taiwan</td><td>2022</td><td>2023</td></tr><tr><td>Scope 1 (MTCO2e)</td><td>3.52</td><td>9.78</td></tr><tr><td>Scope 2 (MTCO2e)</td><td>1,628.79</td><td>1,870.30</td></tr><tr><td>Water consumption (metric tons)</td><td>11,543</td><td>11,606</td></tr><tr><td>hazardous waste (metric tons)</td><td>5.23</td><td>0.98</td></tr><tr><td>Non- hazardous waste (metric tons)</td><td>43.88</td><td>54.94</td></tr></table>** It is the company's own estimate and has not been verified by a third party.
In the future, we will strive to improve process and efficiency of production, and actively promote energy conservation and carbon reduction, product recycling and other plans to continue to improve and reduce greenhouse gas emissions, water and electricity consumption, and waste output.</td><td></td></tr>
<tr><td>4. Society Issue
(1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?

(2) Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and properly reflect the operating performance or achievements in employee salaries?

(3) Does the company provide employees with a safe and healthy working environment and regularly carry out safety and health education for employees?</td><td>✓</td><td></td><td>(1) The personnel management of the Company is strictly implemented in accordance with the Labor Standards Act, Labor Insurance Regulations, Employee Welfare Regulations and relevant laws and regulations.
(2) The Company has working rules and relevant personnel management regulations, covering the basic salary, working hours, vacation, pension payment, labor and health insurance payment, occupational disaster compensation, etc. of employed workers, which comply with the relevant provisions of the Labor Standards Act. Set up a staff welfare Committee to handle various welfare matters through the operation of the welfare Committee elected by employees; The Company's remuneration policy includes relevant methods and policies for salary remuneration of managers and employees and pays salary remuneration with reference to market payment standards and individual performance.
(3) It has a positive correlation with business performance. The Company regularly carries out fire safety inspection and maintenance of drinking water and other equipment to maintain the safety and health of employees. The Company also conducts daily inspections and inspections on the factory area to implement occupational safety management. In addition, it regularly organizes fire drills and occupational safety education and training every year to cultivate employees' ability of emergency</td><td>None</td></tr>
</table>

Evaluation Item	Operation Situation			Differences and reasons between the code of practice on corporate social responsibility of listed and OTC companies
	Yes	No	Abstract Description	
(4) Does the company establish an effective career ability development training program for its employees? (5) Does the company comply with relevant laws and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures for protecting consumers' rights and interests? (6) Does the company formulate supplier management policies, requiring suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health or labor human rights, and their implementation?			response and self-safety management. All employees will participate in labor and health insurance, pay all kinds of benefits according to regulations, and have regular health check-up and education and training subsidies, so as to provide a good working environment and protect employees' personal safety, so that employees can work wholeheartedly. (4) Employees are the most important assets of the company, and the company has established an effective development training plan according to the development of employees' career ability. (5) The Company abides by relevant laws and international standards in the marketing and labeling of products and services, and provides customers with stable product quality through strict quality management system. At the same time, in order to ensure customer service quality and enhance customer satisfaction, we set up customer service windows and communication websites, actively and regularly conduct customer satisfaction surveys and visits every year, strengthen the cooperative relationship with customers, and establish the cornerstone of sustainable business operation by establishing a mutually beneficial and co-prosperous relationship with customers. (6) The Company and suppliers will also assess whether the suppliers have any record of influencing the environment and society in the past. Contracts with major suppliers include provisions that suppliers may terminate or rescind contracts at any time if they violate their corporate social responsibility policies and have a significant impact on the environment and society.	
5. Does the company prepare the sustainable development report and other reports that reveal the company's non-financial information with reference to the international standards or guidelines for preparing reports? Has the pre-disclosure report been confirmed or guaranteed by the third-party verification unit?		✓	At present, the Company is not within the scope of preparing sustainable development report as stipulated by law, so the report has not been prepared yet.	None
6. If a company has its own code of sustainable development in accordance with the Code of Practice for sustainable development of Listed and OTC Companies, please state the difference between its operation and the code: None.				
7. Other important information that is helpful to understand the operation of corporate social responsibility: None.				

(7) Climate-related Disclosures for Companies Listed in the TWSE and TPEx:

Climate-related Information Execution

Item	implementation
1. Describe the Board's and senior management's oversight and governance of climate related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy and finances (short, medium and long term). 3. Describe the financial impact of extreme climate events and transitional actions. 4. Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system. 5. If a scenario analysis is used to assess the resilience to climate change risks, the context, parameters, assumptions, analysis factors and key financial impacts used should be described. 6. If there is a "Transition Plan" for managing climate related risks, describe the contents of the plan, and the indicators and targets used to identify and manage physical and transformation risks. 7. If "internal carbon pricing" is used as a planning tool, the basis of price setting should be stated. 8. If a "climate-related target" is set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be stated; if "carbon offsets" or "renewable energy certificates (RECs)" are used to achieve the relevant target, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) should be stated. 9. Status of GHG inventory and assurance	Under planning

1-1 Status of Greenhouse gas inventory and assurance/verification in the latest two years

1-1-1 Greenhouse gas inventory information：Under inventory

1-1-2 Greenhouse Gas verification Information：None.

1-2 Greenhouse gas inventory reduction targets, strategies, and specific action plans:

Under Planning

Basic information of the company	According to Sustainable Development Roadmap, companies Listed in the TWSE and TPEx should at least disclose	
□Company capital >10 billion NT, Steel industry, cement industry	□Greenhouse gas inventory information by parent company □Greenhouse Gas verification Information by parent company	□Greenhouse gas inventory information by subsidiary in Consolidated Financial Reporting □Greenhouse gas inventory verification by subsidiary in Consolidated Financial Reporting
□Company capital is 5 billion NT ~ 10 billion NT		
■Company capital < 5 billion NT		

Scope 1	Total emissions (tons of CO2e)	Intensity (tons of CO2e/ million TWD)	Assurance organization	Description of assurance status
K Laser Taiwan	Under inventory	Under inventory	None	-
Subsidiaries				
Total				

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

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

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

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

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation Situation</th><th rowspan="2">Differences and reasons between the code of good faith and the code of conduct of listed and OTC companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Description</th></tr>
<tr><td colspan="5">5. If a company has established its own code of good faith operation in accordance with the Code of Good Faith Operation of Listed and OTC Companies, please state the differences between its operation and the established code: the company has established the Code of Good Faith Operation and the Code of Ethical Conduct in accordance with the Code of Good Faith Operation of Listed and OTC Companies, followed the code and continuously promoted publicity and awareness among management colleagues, and its related operations are not significantly different.</td></tr>
<tr><td colspan="5">6. Other important information that is helpful to understand the company's honest operation (such as the company's review and revision of its honest operation code, etc.): None.</td></tr>
</table>

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

Rules and regulations related to corporate governance:

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

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

(10) The implementation of the internal control system

1. Statement of Internal Control

K Laser Technology Inc.
Statement of Internal Control System

Date: March 12, 2024

According to the results of self-assessment, the internal control system of the Company in 2023 is hereby declared as follows:

1. The Company knows that it is the responsibility of the board of directors and managers of the Company to establish, implement and maintain the internal control system, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operating effectiveness and efficiency (including profit, performance and asset security, etc.), reliability, timeliness and transparency of reporting, and compliance with relevant norms and compliance with relevant laws and regulations.
2. The internal control system has its inherent limitations, no matter how perfect the design, the effective internal control system can only provide reasonable guarantee for the achievement of the above three goals; Moreover, due to the change of environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the internal control system of the Company has a self-monitoring mechanism, and once the deficiencies are identified, the Company will take corrective actions.
3. The Company judges whether the design and implementation of the internal control system are effective according to the judgment items of the effectiveness of the internal control system stipulated in the "Processing Criteria for Establishing Internal Control Systems of Public Companies" (hereinafter referred to as the "Processing Criteria"). The judgment items of the internal control system adopted in the "Treatment Criteria", is that according to the process of management control, the internal control system is divided into five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Treatment Criteria" for the aforementioned items.
4. The Company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the Company considers that the design and implementation of the internal control system (including supervision and management of subsidiaries) of the Company as of December 31, 2023 is effective, including understanding the operation effect and the degree to which the efficiency target is achieved, the reporting system is reliable, timely and transparent, and it can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the annual report and the prospectus of the Company, and will be made public. If there are any illegal things such as hypocrisy or concealment in the above-mentioned disclosure, it will involve the legal liabilities of Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This declaration was approved by the board of directors of the Company on March 12, 2024. Among the 7 directors present, 0 were against it, and the rest agreed with the contents of this declaration, and made this declaration.

K Laser Technology Inc.

Chairman: Alex Kuo

General Manager: Alex Kuo

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

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

(12) The important resolutions of the shareholders' meeting and the board of directors

1. Board of Directors

(1) The 16th meeting of the 12th session of the board of directors

Time: February 14, 2023

1. Approved the result of 2022 Self-Evaluation of the Board of Directors and Functional Committee.
2. Approved the credit line of bank.
3. Approved the convening of 2023 Annual General Meeting.
4. Approved the investment agreement between the Company and Nanchang National High-tech Industrial Development Zone.

(2) The 17th meeting of the 12th session of the board of directors

Time: March 23, 2023

1. Approved the assessment of the independence and qualification of attestation CPA.
2. Approved “Rule of advanced approving the attestation CPA for non-assurance service”.
3. Approved annual audit report and internal control system statement report of 2022.
4. Approved the operation report and financial statement of 2022.
5. Approved employees’ and directors’ remuneration distribution of 2022.
6. Approved the managers’ performance assessment in 2022 and the employees’ bonus distribution.
7. The surplus distribution in the fourth quarter of 2022
8. Approved the nomination list of candidates for director.
9. Approved to release the limitation on competitive business of newly elected directors.
10. The budget and operation plan of 2023
11. Approved the independent directors’ salary, audit committee members’ remuneration and remuneration committee members’ remuneration.
12. Approved the setting up of corporate governance officer

(3) The First meeting of the 13th session of the board of directors

Time: May 15, 2023

1. Elect the Chairman of the Board.
2. Approved the appointment of Audit Committee.
3. Approved the appointment of Remuneration Committee.
4. Approved 2023 Q1 Financial Statements.
5. Approved the distribution proposal for 2023 Q1.
6. Approved the retirement of treasury shares.
7. Approved the credit line of bank.

8. Approved the subsidiary company, K Laser (DongGuan) INC. grant loan to the subsidiary company.
9. Approved the project investment with Government of Suiyang County, Zunyi City, Guizhou Province.

(3) The Second meeting of the 13th session of the board of directors

Time: August 10, 2023

1. Approved to Establish K Laser Vietnam.
2. Approved the credit line of bank.
3. Approved the company set the record date of the conversion of the 6th secured Convertible Corporate Bond to common stock.
4. Approved 2023 Q2 Financial Statements.
5. Approved the distribution proposal for 2023 Q2.
6. Approved the adjustment of credit line and interest that subsidiary company, K Laser (DongGuan) INC. grant loan to the subsidiary company.
7. Approved the manager’s remuneration adjustment proposal.

(4) The 3rd meeting of the 13th session of the board of directors

Time: November 10, 2023

1. Approved the 2023 Directors' Responsibility Insurance Renewal Status Report.
2. Approved the 2023 performance evaluation of board of directors and functional committee.
3. Approved the Implementation Status of the corporate governance and Sustainable Development.
4. Approved the credit line of bank.
5. Approved the company set the record date of the conversion of the 6th secured Convertible Corporate Bond to common stock.
6. Approved “Rule of advanced approving the attestation CPA for non-assurance service”.
7. Approved 2023 Q3 Financial Statements.
8. Approved the distribution proposal for 2023 Q3.
9. Approved the audit plan for 2024.
10. Approved the amendments of the rules governing financial and business matters between the Corporation and its affiliated enterprises and risk management policies and procedures.
11. Approved the subsidiary company, K Laser (DongGuan) INC.’s investment in Jinjinghesheng (Xiamen) Venture Capital Fund Partnership Enterprise (Limited Partnership).
12. Approved the adjustment of the investment structure in China and equity transfer of Hunan Hexin Packing Material Co., Ltd.

(5) The first Extraordinary Meeting of the 13th session of the board of directors

Time: December 19, 2023

1. Approved the subsidiary company, K Laser (DongGuan) INC. grant loan to the subsidiary company.

(6) The 4th meeting of the 13th session of the board of directors

Time: March 12, 2024

1. Approved the credit line of bank

2. Approved the company set the record date of the conversion of the 6th secured Convertible Corporate Bond to common stock.
3. Approved annual audit report and internal control system statement report of 2023.
4. Approved the operation report and financial statement of 2023.
5. Approved employees' and directors' remuneration distribution of 2023.
6. The surplus distribution in the fourth quarter of 2023.
7. The budget and operation plan of 2024.
8. Approved the endorsements and guarantees of the K Laser Dong Guan.
9. Approved the amendments of "Regulations Governing Procedure for Board of Directors Meetings" and "Regulations Governing the Exercise of Powers by Audit Committees".

(7) The 5th meeting of the 13th session of the board of directors

Time: March 28, 2024

1. Approved the replacement and the assessment of the independence and qualification of attestation CPA.
2. Approved the advanced approving the attestation CPA for non-assurance service.
3. Approved the disposal of shareholding of Optivision Technology Inc.
4. Approved the convening of 2024 Annual General Meeting.

(8) The 6th meeting of the 13th session of the board of directors

Time: May 13, 2024

1. Approved the credit line of bank.
2. Approved the company set the record date of the conversion of the 6th secured Convertible Corporate Bond to common stock.
3. Approved the ex-dividend record date of cash dividends for 2023Q4.
4. Approved 2024 Q1 Financial Statements.
5. Approved the distribution proposal for 2024 Q1.
6. Approved the directors' remuneration distribution of 2023.
7. Approved the managers' performance assessment in 2023 and the employees' bonus distribution.
8. Approved the subsidiary company, K Laser (DongGuan) INC. grant loan to the subsidiary company.
9. Approved the establishment of Kaohsiung branch.
10. Approved the Cash capital increase of K Laser Nanchang.

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

Time: The 2023 Annual General Meeting of Shareholders was held in Hsinchu on May 5, 2023. The resolutions adopted by shareholders attending the meeting and their implementation are as follows:

(1) Acknowledgment of the 2022 annual business report and financial statements.
Implementation Situation: the business report and financial statements in 2022 were acknowledged, in which the consolidated revenue for the whole year was about NT$ 6,421,806 thousand and the net profit attributed to the owners of the Company was about NT$ 277,279 thousand, with EPS NT$ 1.82.
(For detail information, please refer to the Market Observation Post System)

(2) Acknowledge the case of profit and loss appropriation in 2022.

Implementation situation: the shareholders' meeting passed the resolution of cash dividends NT$230,030 thousand, NT$1.5 per share, which has been handled according to the resolution of the shareholders' meeting, the ex-dividend base date is 30 June, 2023, and the cash dividend payment date is 17 July, 2023.

(For detail information, please refer to the Market Observation Post System)

(3) Election result

List of the elected board members:

Directors: Mr. Alex Kuo, Mr. Daniel Kuo, Ms. Lisa Hsu

Independent directors: Ms. Bi-Xin Huang, Ms. Li-Hua Liao, Mr. Zheng-An Wang, Mr. Hua-Sheng Xu.

Implementation situation: After K Laser’s shareholders’ meeting, the Board of Directors held a meeting on the on 15 May 2023 and elected Mr. Alex Kuo as Chair. Change of registration was approved on 18 May 2023, by the Hsinchu Science Park vis official letter ZSZ No.1120016265.

(For detail information, please refer to the Market Observation Post System)

(4) Discussion on Removal of Non-Compete Clause for Directors

Implementation Situation: Has been implemented in accordance with resolution.

(For detail information, please refer to the Market Observation Post System)

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

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

(15) Handing of material information: The company handles material information in accordance with rigorous internal procedures mad publicly accessible vis "Procedures for Handling Material Inside Information", with added monthly reminders to all insider and employees on the Procedures for the Prevention of Insider Trading to violations of relevant regulations.

4. Information on CPA professional fees

(1) Information on public expenses of accountants

Amount Unit: NT$ 1000

Name of CPA Firm	Name of Accountant		Accountant Audit Period	Audit fee	None-audit fee	Total	Note
Deloitte & Touche	Huang Yimin	Hsu Wenya	2023	7,250	120	7,370	-

Note 1: The non-audit fees accounts business tax direct deduction fees and register revision fee.

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

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

(4) Audit fees decreased by more than 10% compared with the previous year: there is no such situation.

5. Information on replacement of CPA: None

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

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

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

Unit: Share

Title	Name	2023		The current year ended on April 26, 2024	
		Increase (decrease) number of shareholdings	Increase (decrease) number of pledged shares	Increase (decrease) number of shareholdings	Increase (decrease) number of pledged shares
Chairman concurrently serves as general manager	Alex Kuo	487,500	—	—	—
Director	Daniel Kuo	—	—	—	—
Director	Lisa Hsu	—	—	—	—
Director	C. L. Kuo (Note1)	—	—	—	—
Director	Bi-Xin Huang	—	—	—	—
Independent Director	Gen-Sen Chang-Hsieh (Note1)	—	—	—	—
Independent Director	Ren Liu (Note1)	—	—	—	—
Independent Director	Li-Hua Liao (Note2)	—	—	—	—
Independent Director	Zheng-An Wang (Note2)	—	—	—	—
Independent Director	Hua-Sheng Xu (Note2)	—	—	—	—
CFO Financial Officer Corporate Governance Officer	Teresa Huang	(30,500)	—	—	—
CTO	Liugong Lin	—	—	—	—
Director of Marketing and Business	Jacky Chen	52,500	—	—	—
Director of Manufacturing	Sappho Chen	16,500	—	(24,000)	—
Audit Director	Yumei Tsai	1,000	—	—	—
Accounting Director	Serena Hung	(57,500)	—	—	—

1.Mr. C.L.Kuo, Ms. Gen-Sen Chang-Hsieh and Mr. Ren Liu have served as director/ Independent director of the Company until May 5 2023. The information in the above table only discloses information about his shareholdings until the termination date of his/her appointment to said position.

2.Ms. Li-Hua Liao, Mr. Zheng-An Wang and Mr. Hua-Sheng Xu began serving as independent director of the Company on 5 May 2023.

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

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

April 26, 2024

Name	Shareholding of self		Shareholding of spouses and minor children		Total shareholding in name of others		The title or names and relationships of the top ten shareholders who have related relationships with each other or are relatives within spouses or two parents	
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Name (Or name)	Relation
Alex Kuo	13,804,756	8.05%	1,099,194	0.64%	—	—	—	—
Kun Lung Wang	7,145,177	4.16%	322,000	0.19%	—	—	—	—
Mei Ling Ho	3,470,259	2.02%	—	—	—	—	—	—
Three Fish Co., Ltd.	3,205,000	1.87%	—	—	—	—	—	—
Shi Gui Tang	3,087,676	1.80%	—	—	—	—	—	—
Taishin International Commercial Bank Trust Account	2,842,500	1.66%	—	—	—	—	—	—
Rong An Huang	2,833,000	1.65%	—	—	—	—	—	—
Yu Ying Qiu	2,653,000	1.55%	—	—	—	—	—	—
The Capital Group (Stock) Trusteeship Lukfook Securities (Hong Kong)	2,407,000	1.40%	—	—	—	—	—	—
Hefeng United Co., Ltd.	2,000,000	1.17%	—	—	—	—	—	—

9. Comprehensive shareholding ratio

Unit: Share/% April 30, 2024

Re-investment business (note)	The Company Investment (1)		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises (2)		Comprehensive Investment (1) +(2)	
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate
K Laser China Group Co., Ltd.	21,487,284	100%	—	—	21,487,284	100%
K Laser International Co., Ltd.	21,161,462	100%	—	—	21,161,462	100%
iWin Technology Co., Ltd.	157,545	49%	163,975	51%	321,520	100%
Vicome Corp	3,021,420	30%	60,000	0.6%	3,081,420	30.6%
Insight Medical Solutions Co., Ltd	10,602,443	42%	2,769,499	10.97%	13,371,942	52.96%
Guang Feng International Ltd.	4,845,810	100%	—	—	4,845,810	100%

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

4. Fund raising

1. Overview of capital and shares

（1）Source of equity

1. Source of equity

April 26, 2024
Unit: 1000 shares; NT $1000 (except issue price)

Date	Issue price (NT)	Authorized capital stock		Capital stock paid in		Notes			
		Number of shares	Amount of money	Number of shares	Amount of money	Source of equity		Pay off the share fund with property other than cash	Other
2017.03	10	200,000	2,000,000	133,883	1,338,825	CB to capital increase	14,160	-	ZSZ No.1060007841
2017.12	10	200,000	2,000,000	165,325	1,653,246	CB to capital increase	314,421	-	ZSZ No.1061000188
2018.12	10	200,000	2,000,000	159,325	1,593,246	Cancellation of treasury shares	(60,000)	-	ZSZ No.1070035038
2021.07	10	300,000	3,000,000	159,325	1,593,246	Increase authorized capital	0	-	ZSZ No.1100020084
2021.09	10	300,000	3,000,000	164,325	1,643,246	Restricted stock award	50,000	-	ZSZ No.1100026202
2022.03	10	300,000	3,000,000	161,374	1,613,744	Convert bond / write-off treasury stock	16,448 (45,950)	-	ZSZ No.1110006331
2022.06	10	300,000	3,000,000	163,806	1,638,061	Convert bond	24,317	-	ZSZ No.1110017360
2023.05	10	300,000	3,000,000	157,806	1,578,061	write-off treasury stock	(60,000)	-	ZSZ No.1120016265
2023.09	10	300,000	3,000,000	167,151	1,671,511	Convert bond	93,450	-	ZSZ No.1120028686
2023.12	10	300,000	3,000,000	169,303	1,693,030	Convert bond	21,519	-	ZSZ No.1120039730
2024.04	10	300,000	3,000,000	170,860	1,708,600	Convert bond	15,570	-	ZSZ No.1130009590

Unit: shares / April 26, 2024

Types of stock shares	Authorized capital stock					Notes
	Outstanding capital stock			Unissued shares	total	
	Listed (note)	Restricted listing	total			
Common stock	171,594,159	-	171,594,159	128,405,841	300,000,000	

Note: 1. Including 734,175 shares of the sixth domestic secured conversion of corporate bond that have been converted but have not been changed of registration

2. Including 3,995,000 shares of employees' restricted stock award.

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

（2） Shareholder structure

April 26, 2024

Shareholder structure / Quantity	Government organs	Financial institutions	Other legal entities	Foreign institutions and foreigners	Individuals	Total
Number of people	-	3	176	72	33,403	33,654
Number of shares held (shares)	-	3,925,409	6,849,254	15,226,326	145,593,170	171,594,159
Shareholding ratio	0.00%	2.29%	3.99%	8.87%	84.85%	100.00%

（3） Share dispersion (face value per share is NT$10)

April 26, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio %
1 to 999	23,003	568,956	0.33%
1,000 to 5,000	7,791	16,648,582	9.70%
5,001 to 10,000	1,336	10,891,857	6.36%
10,001 to 15,000	382	4,946,255	2.88%
15,001 to 20,000	298	5,678,288	3.31%
20,001 to 30,000	262	6,880,804	4.01%
30,001 to 40,000	122	4,416,073	2.57%
40,001 to 50,000	98	4,578,854	2.67%
50,001 to 100,000	169	12,327,969	7.18%
100,001 to 200,000	91	12,759,633	7.44%
200,001 to 400,000	44	12,601,664	7.34%
400,001 to 600,000	26	12,479,085	7.27%
600,001 to 800,000	7	4,673,991	2.72%
800,001 to 1,000,000	3	2,533,254	1.48%
More than 1,000,001 shares	22	59,608,894	34.74%
Total	33,654	171,594,159	100.00%

(4) List of major shareholders

April 26, 2024

Shares / Name of major shareholders	Number of shares held	Shareholding %
Alex Kuo	13,804,756	8.05%
Kun Lung Wang	7,145,177	4.16%
Mei Ling Ho	3,470,259	2.02%
Three Fish Co., Ltd.	3,205,000	1.87%
Shi Gui Tang	3,087,676	1.80%
Taishin International Commercial Bank Trust Account	2,842,500	1.66%
Rong An Huang	2,833,000	1.65%
Yu Ying Qiu	2,653,000	1.55%
The Capital Group (Stock) Trusteeship Lukfook Securities (Hong Kong)	2,407,000	1.40%
Hefeng United Co., Ltd.	2,000,000	1.17%

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

Unit: New Taiwan Dollars (NT$)

Project / Year		2022	2023	For the year ended March 31, 2024
Market price per share	Highest	26.35	29.45	24.85
	Lowest	17.00	18.35	22.40
	Average	20.32	22.55	23.49
Net value per share	Before distribution	19.01	18.48	18.23
	After distribution	17.20	17.79	18.23
Earnings per share	Weighted average number of shares (1000 shares)	152,541	158,522	160.275
	Earnings per share	1.82	0.66	0.10
Dividend per share (Note 2)	Cash dividends	1.80	0.66	–
	Stock Dividend from Retained Earnings	–	–	–
	Stock Dividend from Capital Reserve	–	–	–
	Accumulated unpaid dividends	–	–	–
Return on investment analysis	Principal-to-Earnings Ratio(Note 3)	11.16	34.34	–
	Principal-to-Profit ratio(Note 4)	11.29	34.17	–
	Cash dividend yield rate(Note 5)	8.86%	2.93%	–

Note 1: Data from TWSE website

Note 2: The distribution of surplus in 2023Q4 was resolved by the board of directors and has not been submitted to the shareholders' meeting.

Note 3: Equals to year average closing price per share / EPS

Note 4: Equals to year average closing price per share / cash dividend per share

Note 5: Equals to cash dividend per share / year average closing price per share

（6） Dividend policy and implementation of the company

1. Dividend policy

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

The Company's dividend policy is based on the Company Law and the Company's Articles of Incorporation, and is determined in accordance with the Company's capital and financial structure, operating conditions, earnings, and the characteristics and cycles of the industries to which the Company belongs, and is distributed on the principle of conservatism to promote the Company's sustainable business development. Distributions of distributable earnings shall be in the form of cash dividends, depending on future capital expenditures and working capital planning, and stock dividends may also be distributed, provided that the percentage of stock dividends distributed shall not exceed 50% of the total dividends. The aforementioned conditions, timing, amount and type of retained earnings and distributable dividends may be adjusted at the appropriate time in response to changes in the economic and industrial climate and taking into account the Company's future development needs and profitability, provided that the target of cash dividend shall not be less than 10% of the distributable earnings of the current year.

2. Proposed Dividend Distribution at the Shareholders' Meeting

In the 4th quarter 2023, the board of directors resolved that the cash dividends distributed to shareholders amounted to NT$ 110,131 thousand, that is, NT$ 0.66 per share.

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

(8) Remuneration of employees and directors

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

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

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

2. The basis for estimating the amount of employee and director compensation, the basis

for calculating the number of shares of employee compensation distributed in stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount：

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

3. Remuneration approved by the board of directors for the year of 2023:

According to the resolution of the board of directors of the company on March 12, 2024, the company passed the following:

Unit: NT$1000

Amount of money / Project	Cash Amount	Stock Amount	Differences from annual estimates of recognized expenses, reasons and treatment	The amount of employee compensation distributed in stock and its proportion to the total amount of net income after tax and total employee compensation in the individual financial reports for the period
Employees' Compensation	10,717	0	None	Not applicable
Directors' Compensation	2,010	0	None	

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

The employees’ and directors’ remuneration in 2022 are NT$19,329 thousand and NT$4,832 thousand, same as the actual distribution amount.

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

April 30, 2024

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

2. Issuance of corporate bonds

(1) Issuance of corporate bonds

April 30, 2024

Type of corporate debt(Note 2)	The sixth domestic secured conversion of corporate bond
Issue (processing) date	March 24, 2021
Denomination	NT$100,000
Issuance price	Each face value is NT$100,000. Issued at 101% of the face value
Total amount	NT$600 million
Interest Rate	0%
Term	Five-year maturity date: 2026/03/24
Guarantee agency	Taichung Commercial Bank Co.
Trustee	KGI Commercial Bank Co.
Underwriter	KGI Commercial Bank Co.
Certified Lawyer	-
Certified Public Accountant	-
Repayment Method	Except for the conversion of the convertible bonds into common shares in accordance with Article 10 herein or the exercise of the right of sell-back in accordance with Article 19 herein, and the early redemption by the Company in accordance with Article 18 herein, the principal shall be repaid in cash at maturity at the face value of the bonds.
Outstanding principal	NT $305,100 thousand
Terms of Redemption or Early Settlement	1.If the closing price of the Company's common stock on the Taiwan Stock Exchange for 30 consecutive business days exceeds the conversion price of the bonds by more than 30% (inclusive) from the day after the first month from the date of issuance to the 40th day before the expiration of the issuance period, the Company may redeem the bonds from the bondholders in cash at the face value of the bonds. 2.If the outstanding balance of the conversion bonds is less than 10% of

		the total amount of the bonds issued from the day after the first month of the issuance of the bonds to the 40th day before the expiration of the issuance period, the Company may redeem the conversion bonds of the bondholders in cash at the face value of the bonds.
Restrictions		-
Name of credit rating agency, rating date, and rating result of corporate bonds		-
Additional rights	Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the date of publication of the annual report	NT $294,900 thousand
	Method of issuance and conversion (exchange or subscription)	Refer to the issue and conversion method
The possible dilution of equity and the impact on the existing shareholders' equity by the issuance and conversion, exchange or subscription methods and issuance conditions		Compared with the allocation of funds required, the issuance of domestic convertible bonds as a source of financing will effectively reduce and delay the degree of equity dilution. In addition, after the conversion of convertible bonds by investors, in addition to reducing liabilities, it will also increase shareholders' equity, thereby increasing the net value of each share. Therefore, in the long run, the existing shareholders' equity can be more guaranteed.
Name of the entrusted depository of the subject matter of exchange		-

(2) Information on Convertible Bonds: April 30, 2024

Type of corporate debt		The sixth domestic secured conversion of corporate bond		
Project \ Year		2022	2023	For the year ended April 30, 2024
Market value of convertible bonds	Highest	143.00	182.00	156.00
	Lowest	110.00	113.20	141.00
	Average	127.85	143.70	148.96
Conversion price		16.9	16.9 / 15.8	15.8
Issuance (processing) date and conversion price at the time of issue		Issued on March 24, 2021 Conversion price at the time of issue: NTD 19.8		
Method of fulfilling conversion obligations		Issuance of new shares		

(3) Exchange of corporate bond information: None

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

(5) Corporate bonds with warrants: None

3. Preferred Shares

(1) Preferred shares: None

(2) Preferred shares with warrants: None

4. Overseas Depository Certificate: None

5. Issuance of Employee Stock Option Plan: None

6. Issuance of Employee Restricted Stock:

(1) Status of Employee Restricted Stock

April 30, 2024

Type of Employee Restricted Stock	First Employee Restricted Stock Awards
Date of Effective Registration and total number of shares	July 28, 2021 / 5,000,000 shares
Issue Date	September 1, 2021
Number of Employee Restricted Stock Issued	5,000,000 shares
Issued Price	None
Employee Restricted Stock as a Percentage of Shares Issued	2.91%
Vesting conditions of Employee Restricted Stock	Awarded employees are deemed to have satisfied the vesting conditions after they have accomplished the business objectives established by the company and have been working for the company for a specified period (in which they have not violated the employment contract, code of conduct for employees, trust deed, corporate governance best practice principles, ethical corporate management principles, working rules or non-competition and non-disclosure principles provided by the company or any contract made with the company) after obtaining the restricted stock awards. Business Objectives: The year 2020 is taken as the baseline year, and each objective is calculated based on the operating revenue from holographic laser products of each of the entities included in the consolidated financial statements of the Group. (1) Operating revenue for the first year: Operating revenue increases by 110% or more compared with that for the baseline year. (2) Operating revenue for the second year: Operating revenue increases by 127% or more compared with that for the baseline year. (3) Operating revenue for the third year: Operating revenue increases by 147% or more compared with that for the baseline year. (4) Operating revenue for the fourth year: Operating revenue increases by 172% or more compared with that for the baseline year. (5) Operating revenue for the fifth year: Operating revenue increases by 200% or more compared with that for the baseline year. The required employment period after grant of awards and the percentage of vested awards for each year: (1) Employees accomplishing the business objective for the first year and having worked for the company for one year after being granted the awards: 15% to be vested. (2) Employees accomplishing the business objective for the second year and having worked for the company for two years after being granted the awards: 15% to be vested. (3) Employees accomplishing the business objective for the third year and having worked for the company for three years after being granted the awards: 20% to be vested. (4) Employees accomplishing the business objective for the fourth year and having worked for the company for four years after being granted the awards: 20% to be vested. (5) Employees accomplishing the business objective for the fifth year and having worked for the company for five years after being granted the awards: 30% to be vested or 100% to be vested accumulatively (Note). Note: If the vesting conditions are not satisfied during any time of period between the first year and the fourth year, the restricted stock awards for the concerned year(s) will not be taken back by the company and shall be held in a trust continuously. When employees accomplish the business objective for the fifth year and have worked for five years after being granted the awards, the employees may receive the restricted stock awards for the first year up to the fourth year retrospectively.

Restricted Rights of Employee Restricted Stock	(1) The employee shall not sell, pledge, transfer, give to others, set up, or divide the new shares that restrict the employee's rights in other ways, except for inheritance, before the vesting conditions are reached after being allocated with new shares. (2) The rights of attending, proposing, speaking, voting and election rights of the shareholders' meeting are the same as those of the issued common shares of the Company, and shall be implemented in accordance with the trust custody contract. (3) Before accomplishing the vesting conditions, the employees to whom the restricted stock awards have been granted do not have the right to obtain distributed earnings (including but not limited to dividends, dividends, legal reserve and the right to obtain allocated capital reserve) and the right to obtain stock options upon cash capital increase. (4) If capital is returned in cash due to capital reduction of the company before the employees to whom the restricted stock awards have been granted accomplish the vesting conditions, the capital reduction refund that has not been vested due to the allocation shall be delivered to the trust, and when the vesting conditions and deadlines are reached, it shall be delivered to the employees without interest together with the vested shares; however, when the expiry date fails to meet the acquired conditions, the Company will recover the cash. (5) The transfer stop date of the company's free share allotment, cash dividend, cash capital increase and subscription, the transfer stop period of shareholders' meeting as stipulated in Paragraph 3, Article 165 of the Company Law, or other legal transfer stop period occurring according to the facts until the base date of rights distribution. For employees who meet the vested conditions during this period, the time and procedures for lifting the restrictions on their vested shares shall be implemented in accordance with the trust custody contract or relevant laws and regulations.
Custody Status of Employee Restricted Stock	(1) After the issuance of new shares that restrict employees' rights, stock trust custody shall be handled. And before the vesting conditions are fulfilled, the employee shall not request the trustee to return the new shares that restrict the employee's rights for any reason or manner. (2) During the period when the new shares with restricted employees' rights are delivered to the trust custody, the Company or the person designated by the Company shall have full authority to negotiate, sign, revise, extend, dissolve and terminate the trust custody contract with the stock trust custody institution, and give instructions on the delivery, use and disposition of the trust custody property.
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	(1) If an employee fails to meet the personal performance evaluation index and the company's operation target after being allocated with new shares restricting employees' rights, if he/she is absent from work on a vested day, violates the circumstances listed in Paragraph 1, Item 3, Article 3, etc., he/she will return the new shares restricting employees' rights without compensation and cancel them. (2) During the vested period, if an employee voluntarily leaves his position, dismisses or is laid off, the Company will take back the shares he/she has not vested without compensation and cancel them.
Number of Employee Restricted Stock Which Have Been Reclaimed	0 share
Number of Released Employee Restricted Stock	1,005,000 shares
Number of Unreleased Employee Restricted Stock	3,995,000 shares
Ratio of Unreleased Employee Restricted Stock to Total Issued Shares	2.33%
Impact on Shareholders' Interest	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

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

April 30, 2024

	Title	Name	No. of Employee Restricted Stock Granted	Employee Restricted Stock as a Percentage of Shared Issued	Restrictions Released				Restrictions Unreleased			
					No. of Shares	Issued Price (NT$)	Issued Amount (NT$ thousands)	Released Shares as a Percentage of Shares Issued	No. of Shares	Issued Price (NT$)	Issued Amount (NT$ thousands)	Released Shares as a Percentage of Shares Issued
Management team	CEO and General Manager of Group	Alex Kuo	1,850,000	1.08%	457,500	0	0	0.27%	1,392,500	0	0	0.81%
	CFO	Teresa Huang										
	CTO	Liugong Lin										
	Audit Director	Yumei Tsai										
	Accounting Director	Serena Hung										
	Director of Marketing and Business	Jacky Chen										
	Director of Manufacturing	Sappho Chen										

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">No. of Employee Restricted Stock Granted</th><th rowspan="2">Employee Restricted Stock as a Percentage of Shared Issued</th><th colspan="4">Restrictions Released</th><th colspan="4">Restrictions Unreleased</th></tr>
<tr><th>No. of Shares</th><th>Issued Price (NT$)</th><th>Issued Amount (NT$ thousands)</th><th>Released Shares as a Percentage of Shares Issued</th><th>No. of Shares</th><th>Issued Price (NT$)</th><th>Issued Amount (NT$ thousands)</th><th>Released Shares as a Percentage of Shares Issued</th></tr>
<tr><td rowspan="10">Employee</td><td>Vice President of K Laser Technology (Wuxi) Co., Ltd.</td><td>Jiunlung Lai</td><td rowspan="10">3,150,000</td><td rowspan="10">1.84%</td><td rowspan="10">547,500</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0.32%</td><td rowspan="10">2,602,500</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">1.52%</td></tr>
<tr><td>Vice President of K Laser Technology (Dongguan) Co., Ltd.</td><td>Jianting Ye</td></tr>
<tr><td>Factory Manager of K Laser Technology (Dongguan) Co., Ltd.</td><td>Guolung Liou</td></tr>
<tr><td>Vice President of Herui Laser Technology Co., Ltd.</td><td>Jiunde Wu</td></tr>
<tr><td>General Manager of K Laser Technology (Thailand) Co., Ltd.</td><td>Shitai Fu</td></tr>
<tr><td>General Manager of K Laser Technology (USA) Co., Ltd.</td><td>Jenshian Chen</td></tr>
<tr><td>General Manager of K Laser Technology Japan Co., Ltd.</td><td>Shiro Murata</td></tr>
<tr><td>General Manager of K Laser Technology (HK) Co., Ltd.</td><td>CHAN WING SHAN</td></tr>
<tr><td>Cold Foil Business Unit GM of K Laser Technology (USA) Co., Ltd.</td><td>J. Michael Rivera</td></tr>
<tr><td>General Manager of Amagic Technologies U.S.A. (Dubai)</td><td>Joseph Habchi</td></tr>
</table>

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

8. Implementation of fund utilization: None

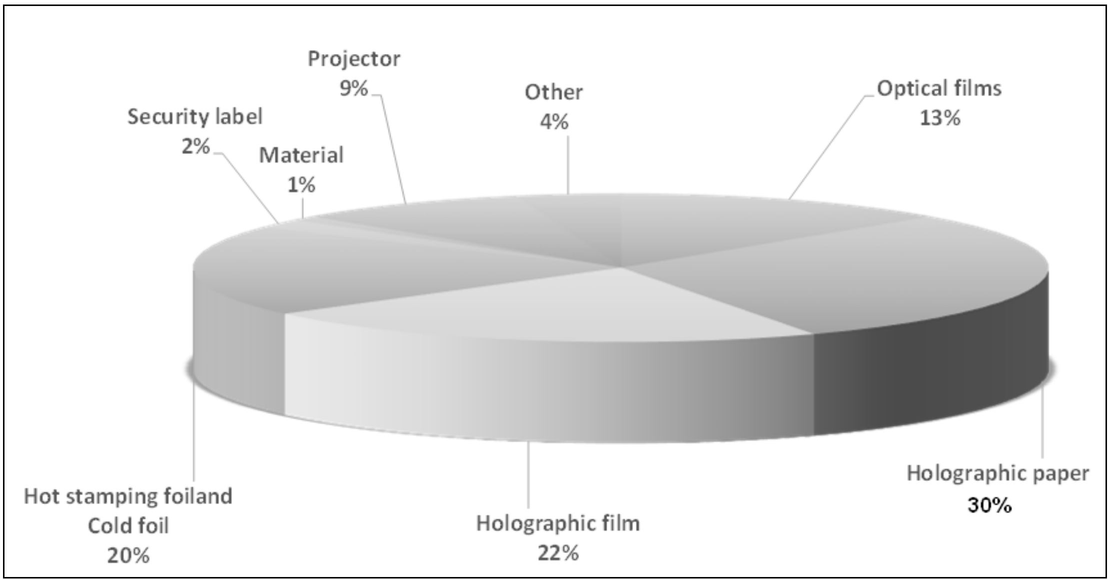
5. Operational Highlights

1. Business Activities

1.1 Business Scope

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

1.1-2 Major Products and Sales Percentage：



1.1-3 Current products:

A. Holographic PET, PVC, OPP film

B. Holographic paper

C. Transfer Film

D. Holographic Security Label

E. Hot Stamping Foil

F. Register Hot Stamping Foil

G. Cold Foil

H. UV Fresnel Lens

I. Optical Film

J. Projector

1.1-4 New products in plan：

A. Highly resistant to folding and scratch-resistant transfer paper

B. Thinning of cold foil and transfer film I

C. Transfer for flat sheet process

1.2. Industry Overview

1.2-1 Current Status and Development of the Industry

Current Status:

China is currently the largest market for Holographic packaging materials in the world, with cigarette boxes and wine box packaging accounting for the largest share. In recent years, the demand for holographic materials in the global game card market has shown rapid growth. In terms of policy, the EU’s restrictive policies on plastic packaging continue to advance, which has led to a significant increase in demand for transfer films and cold foil products.

Development:

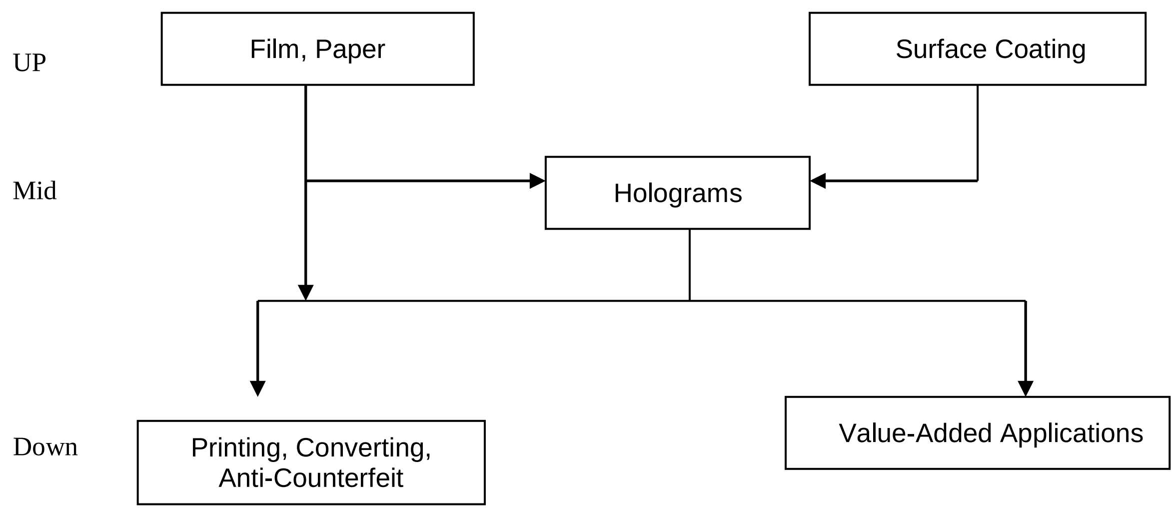
De-plasticization trend: The EU market and major international brands have begun to take measures to de-plasticize packaging, which will drive transfer film, transfer paper and cold foil products to become the main market demand in the future.

Changes in Market demand shift: The demand for laminated films and laminated papers will decline. As many industrial production supply chains shift to Southeast Asia, the region's packaging demand will gradually increase, and the requirements for packaging quality and effects will also increase..

Business opportunity prospects:

The rapid development of the Southeast Asian market has brought new business opportunities to K Laser, especially in providing high-quality packaging solutions, and K Laser is expected to achieve further growth in this region

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



-All kinds of Packaging
-Consumer Products (Cigarette, Alcohol and life necessity packaging)
-Security, ID Cards, Value Documents

-Packages, Wrapping Paper
-Clothes, Construction Materials, Christmas Decorative Items.
-Stationery Printing, Pencil, Calendar, Artificial Leathers
-Magazine, Catalog
-Trading Cards (Baseball Card)
- Stickers

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

The manufacturing process of holographic products is mainly divided into art design, origination, production of master shim and electroforming nickel plate, pattern embossing, and post-processing. In addition to the requirements for product effect and quality stability, the product development process and material selection are also included in the manufacturing process. During the processes, it is necessary to fully consider the post-processing operations of the product, that is, the requirements for heat resistance, pressure resistance and production speed for downstream processing. Therefore, the holographic industry needs to fully consider and meet the conditions for post-processing operations in product development, which is closely related to the downstream industry. Especially for high value-added products such as anti-counterfeiting packaging, it is even more necessary to cooperate with downstream companies for joint development or strategic alliance.

1.2-3 Product Development Trends & Competition

1. Development trends:

   A. Transfer film, transfer paper and cold foil products will be the main products in demand in the future market, and laminating films will gradually be eliminated by the market.

   B. Registering customized products will be a performance growth point in the Chinese mainland market.

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

   D. Eco-friendly materials or materials that can be recycled will be the focus of new product development in the future.

2. Competitive scenario:

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

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

   C. Cold Foil products are in high demand in the market, there are competitors from Taiwan, Europe, America, and China, Holographic products and customized products are the advantages of K Laser.

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

1.3 Technology and R&D Highlights

1.3-1 R&D Expenditures of K Laser

Unit：NT$ Thousands

Year	2022	2023
R&D Expenditures	332,296	318,574

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

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

The development completed in this year:

A. Origination Technology:

(a) 1 Meter seamless rainbow origination technology (b) Rolling Effect (c) 32cm Fresnel lens

B. New Product:

(a) True Seamless products (b) UV emboss related products (c) Anti scratch gold transfer film (d) Cold foil for offset printing press (e) OPP anti scratch thermal film (f) OPP soft touch thermal film

C. Equipment Development:

(a) 1 Meter drum electroforming machine (b) 1.5 Meters Film to Film Embossing machine

R&D Strategy:

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

B. Developing Seamless holographic origination technology and production process.

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

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

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

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

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

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

1.4. Long and Short Term Business Plan

1.4-1 Long Term Business Plan

To continuously drive global business and reduce the market share of mainland China, establish new sales channels in Southeast Asia, recruit and train foreign trade business talents, and find suitable local business representatives in different countries to provide local services and enhance customer satisfaction.

1.4-2 Short Term Business Plan

A. Taiwan Market:

Actively assist Taoyuan ,Tainan and Kaohsiung in planning anti-counterfeiting labeling for garbage bags, develop brand customers.

B. China Market:

Maintain the competitiveness of the cigarette box printing market, develop the decorative building materials market and continue to develop cold foil market.

C. Asia Market:

Established Vietnam branch, mainly selling cold foil and holographic paper.
Established Indonesia branch, mainly selling holographic film and cold foil products.

D. US Market:

Develop offset print market and transfer film and Eoc-Paper market.

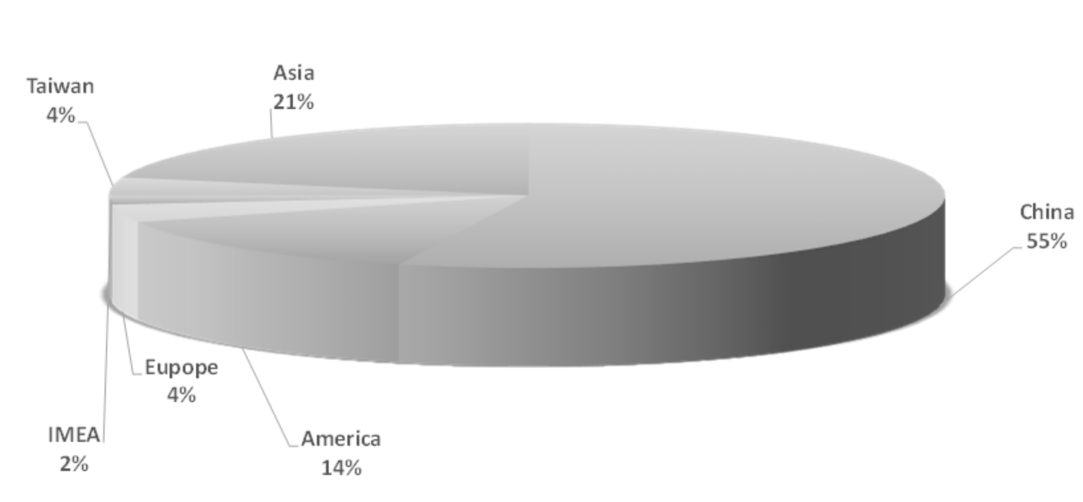
E. Europe Market:

Because of the European Union's restrictions on plastic packaging, transfer film and offset cold foil will be the focus of the sales.

2. Market, Production and Sales Overview

2.1 Market Analysis

2.1-1 Major Sales Regions：



2.1-2 Future Market Supply, Demand and Growth Potential

1. Global hologram market and industry overview

Currently, the sales volumes of holographic image products are primarily driven by the Chinese market, followed by America/Europe and Asia. As environmental protection continues to gain momentum and the EU's packaging regulations are set to come into effect in 2025, the demand for transfer films is expected to grow annually, and transfer films are a strong suit of K Laser product, which will be one of the growth points especially in the European market. The Southeast Asian market, affected by the US-China trade war, has seen many industries shift their supply chains to the region, including the packaging industry. Therefore, the demand for holographic packaging materials in Thailand, Vietnam, and Indonesia can be expected to continue growing.

2. Mainland China market

In the Chinese market, the tobacco and alcohol packaging printing market has been the main focus for a long time. To diversify risks and help business development, daily cosmetic brands and game card customers will become the focus of future development. By combining the advantages of K Laser's advantages of origination and recombining capability, we will aggressively approach the customized register printing market.

2.1-3 Factors Relating to Future Development

1. Favorable Factors (Competitive Niche)

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

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

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

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

E. By developing the Southeast Asian market and setting up factories in Vietnam and Indonesia to serve local customers, it is expected that local performance will grow multiple times.

2. Threaten and Adaptive Strategy

A. Uncertainty in Chinese Cigarette Packaging Bids

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

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

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

C. Price War- Made in India

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

D. The economic situation is not optimistic, causing customers to reduce packaging costs in order to save costs

Response strategy: Optimize the process to reduce production costs and develop low-price alternative materials to provide customers with low-cost and high-quality products.

2.2 Major Applications of Products & Product Manufacturing Process

2.2-1 Applications of Major Processes

A. Hot Stamping Foil target market

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

B. Cold Foil target market:

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

C. PET film target market

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

D. OPP film target market

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

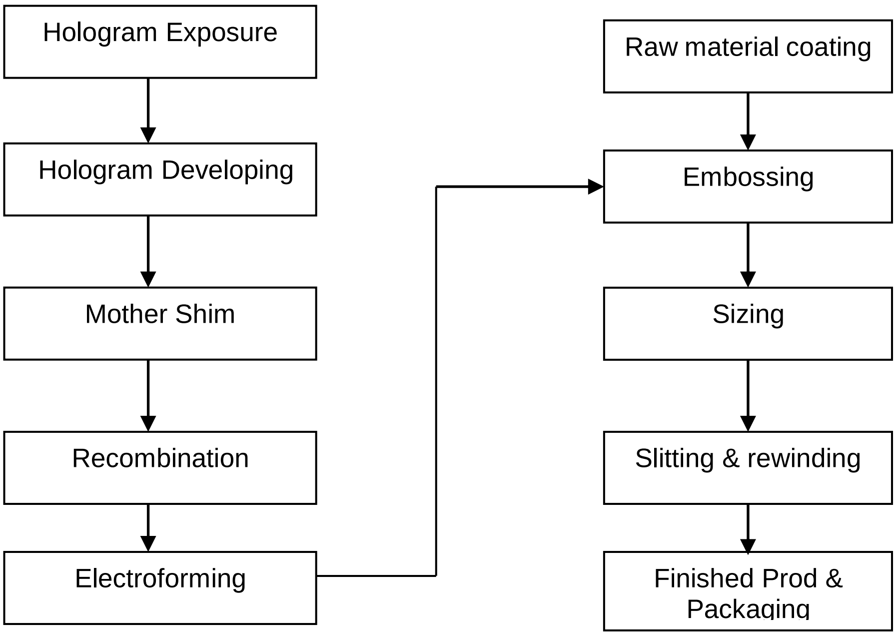
E. PVC film target market

• Christmas market •Sticker market • Ribbon market
• Festival couplets market
• Sequin market • Printing market • Credit Card market

F. Holographic paper target market

• Packaging market • Paper folding box market • Greeting card market • Sticker market
• Wine label market • Magazine market • Stationery market • Paper bag market.

2.2-2 Product Manufacturing Process (Hot Stamping Foil)



2.3 Major Raw Material & Status

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

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

2.4-1 Major Suppliers：Made up exceeding 10%.

Unit：NT$ Thousands

Supplier	2022			2023		
	Amount	%	Relationship	Amount	%	Relationship
EFUN Tech Limited	600,770	11.41%	NA	NA(Note)	-	NA
Efun Tech Limited is a supplier of the projector. The revenue of projector was reduced on 2023 so the purchase percentage from them was lower than 8%.						

Note: Not exceeding 10%

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

None

2.5 Production Quantity / Value

Unit：NT$ Thousands /KM^2

Year / Production / Product	2022			2023		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Holographic Film (included Security label)	410,434	336,012	1,568,064	433,476	304,054	1,475,203
Holographic Paper	186,281	127,554	1,373,907	186,281	114,277	1,113,100
Optical Film	34,560	11,537	769,627	23,760	9,045	657,433
Others	-	35,103	324,958	-	31,544	285,981
Total	631,275	510,206	4,036,557	643,517	458,920	3,531,717

2.6 Sales Quantity / Value

Unit：NT$ Thousands /KM²

Year / Sales / Product	2022				2023			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Holographic Film	4,149	43,412	333,768	2,429,144	3,680	40,733	308,295	2,350,554
Holographic Paper	20	760	132,426	1,864,587	8	871	142,321	1,691,897
Optical Film	1,047	100,591	11,931	852,444	849	68,367	8,175	652,653
Security label	2,879	60,720	1,041	31,565	2,086	73,250	878	29,897
Projector/ Projector Accessories	-	43,497	-	719,119	-	38,583	-	487,689
Others	600	21,840	41,050	254,127	342	20,745	37,802	223,939
Total	8,696	270,820	520,217	6,150,986	6,965	242,549	497,471	5,436,639

3. Employee Analysis

Employee Analysis from 2022 to Mar. 31, 2024

Year		2022	2023	Mar. 31, 2024
Number of Employees	Administrators	158	156	158
	Sales	123	149	150
	Technicians	122	118	117
	Direct Engineers	598	616	644
	Indirect Engineers	270	330	328
	Total	1,271	1,369	1,397
Average Age		39.5	39.1	39.2
Average Years of Employment		8.6	8.4	8.2
Level of Education	Ph.D.	5	5	5
	Master's degree	75	75	71
	Bachelor/ associate degree	517	551	572
	Senior High School	393	415	413
	Under	281	323	336

4. Environmental protection expenditure information

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

4.2 The company's relevant information in response to the EU environment-protecting directive (RoHS) is as follows:
The company's products are not involved in the EU environment-protecting directive (RoHS) related specifications.

5. Labor Relations

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

Employee welfare measures:

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

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

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

Employee Retirement System:

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

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

1. Self-retirement

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

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

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

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

2. Compulsory Retirement

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

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

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

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

3. Criteria for granting pensions

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

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

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

4. Payment of Pensions

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

Employee Stock Ownership Trust

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

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

The subsidiaries have also complied with local laws and regulations.

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

6. Information Security Management

6.1 Information Security Policy and Organization

The Company is committed to maintaining the confidentiality, integrity, and availability of physical and electronic information to meet the needs of regulations, operations, and customers. The Company has established the “System Access Maintenance Procedures,” “File and Equipment Security Control Procedures,” “Document Management Procedures,” etc., and continues to maintain a secure information environment to protect the Company's information and computer systems and to ensure that the Company's and its customers' privacy is well protected. We have signed confidentiality agreements with our vendors and customers to protect confidential information and avoid improper disclosure of sensitive information. In addition, to implement information security management, the Company conducts annual information security audits and regular information security management review meetings to examine information security-related issues and decisions, and reports to the Board of Directors annually.

Since 2022, the Company has set up a dedicated information security officer and information security personnel to coordinate information security-related businesses, formulate a complete management system, and strengthen education and training, information security infrastructure design as well as protection technology so as to ensure system availability, restriction, and access management of information. Targeting the three major information security protection axes, namely anti-virus, anti-hacking, and anti-leakage, we have established firewalls, intrusion detection, anti-virus systems, and various internal control systems to enhance the company's ability to defend itself against external attacks as well as to ensure the protection of confidential information within the company.

6.2 Specific Management Programs for Information Security

To achieve the policy and objectives of information security and to establish a comprehensive information security protection, the following management issues and specific management programs have been implemented:

System Availability	Monitoring of system and network availability. Off-site data backup system is built to ensure that information can be completely recovered. Disaster and system recovery procedures are regularly drilled. Contingency measures for information service interruption.
External Threats	Detect virus and malicious program attacks to prevent information damage. Computer host vulnerability detection and update.
Permission Management	Setting management of personnel accounts and permissions. Check and take inventory of accounts and necessary business usage rights every six months. Access rights management of computer room personnel.
Access Control	Control information file reading and access rights. Data access record. Encryption of important data in accordance with regulations.

6.3 Investing resources in information security management

Information security has become an important issue in the Company's operations. The following is a list of information security management issues and the resources invested:

Dedicated manpower: The Company has an information department responsible for information security planning, technology introduction and related auditing matters to maintain and continuously strengthen information security.

Customer satisfaction: No major information security incidents and no complaints about breach of customer data and loss.

Education and training: All new employees must complete information security education and training courses within six months of joining the Company; we aim to strengthen employees' response and awareness of information security risks.

Information security announcement: The Company publicizes, from time to time, the information security announcement to all employees through internal emails to enhance their response and alertness to information security risks.

6.4 The impact and response measures of major information security incidents that have occurred:

In 2023 and as of the publication date of this annual report, the Company has not discovered any information security incidents that have or may have a significant adverse impact on the Company's business and operations.

6. Important Contracts

Nature of Agreement	Party	Start and End Date	Content	Restriction Clause
Medium and long term loan contract	Hua Nan Commercial Bank	2023.10~2025.10	The credit line is NT $500,000(thousand)	Plant as collateral
Medium and long term loan contract	KGI Bank	2023.06~2025.06	The credit line is NT $120,000(thousand)	None
Medium and long term loan contract	Taipei Fubon Bank	2023.05~2025.05	The credit line is NT $100,000(thousand)	None
Medium and long term loan contract	China Trust Bank	2023.08~2025.08	The credit line is NT $100,000(thousand)	None
Medium and long term loan contract	Yuanta Bank	2023.07~2025.07	The credit line is NT $80,000(thousand)	None
Medium and long term loan contract	Cathay United Bank	2023.11~2025.11	The credit line is NT $150,000(thousand)	None
Medium and long term loan contract	Mega International Commercial Bank	2023.11~2025.11	The credit line is NT $100,000(thousand)	None
Medium and long term loan contract	O-Bank	2022.11~2024.11	The credit line is NT $100,000(thousand)	None
Lease contract	Dongguan Zhongtian Management Consulting Co., Ltd.	2022.12-2024.12	In 2022, the Company sold the Dongguang subsidiary's property, plant and equipment and right-of-use assets. The transaction was completed and leaseback from November 2022 to 2024 year end.	None

6. Financial Overview

1. Condensed financial statements for the last five years

(1) Condensed Balance Sheet and Income Statement Information

Condensed Balance Sheet – Consolidated

Unit: NT $1000

Project \ Year		Financial information for the last five years (Note 1)					
		2019	2020	2021	2022 (restatement)	2023	2024Q1
Current Assets		4,404,924	5,494,650	5,519,536	5,060,287	4,977,919	5,454,385
Property, plant and equipment		1,189,677	1,131,375	1,389,369	1,684,155	1,699,619	1,410,596
Intangible Assets		48,465	44,672	42,307	38,190	35,779	36,098
Other Assets		1,143,398	1,288,793	1,263,962	1,353,478	1,276,701	1,180,460
Total Assets		6,786,464	7,959,490	8,215,174	8,136,110	7,990,018	8,081,539
Current liabilities	Before distribution	2,142,290	2,525,096	2,414,408	2,343,015	2,763,071	2,907,465
	After distribution (Note 2)	2,142,290	2,669,316	2,596,523	2,573,045	2,873,202	2,907,465
Non-current liabilities		1,400,653	1,468,470	1,529,910	1,564,025	1,137,959	1,135,219
Total liabilities	Before distribution	3,542,943	3,993,566	3,944,318	3,907,040	3,901,030	4,042,684
	After distribution (Note 2)	3,542,943	4,137,786	4,126,433	4,137,070	4,011,161	4,042,684
Equity attributable to owners of parent company		2,401,089	2,541,150	2,681,320	2,899,911	2,929,693	2,944,994
Share capital		1,593,246	1,593,246	1,659,694	1,638,061	1,694,613	1,715,942
Capital surplus		551,531	585,347	709,559	689,968	733,926	750,680
Retained earnings	Before distribution	669,939	798,781	935,872	989,379	864,838	770,772
	After distribution (Note 2)	669,939	654,561	753,757	759,349	754,707	770,772
Other interests		(311,505)	(317,488)	(476,758)	(339,685)	(363,684)	(292,400)
Treasury stock		(102,122)	(118,736)	(147,047)	(77,812)	-	-
Non-controlling interests		842,432	1,424,774	1,589,536	1,329,159	1,159,295	1,093,861
Total equity	Before distribution	3,243,521	3,965,924	4,270,856	4,229,070	4,088,988	4,038,855
	After distribution	3,243,521	3,821,704	4,088,741	3,999,040	3,978,857	4,038,855

* Financial information using international financial reporting standards.

Note 1: The financial data of the last five years have been audited and certified by accountants and 2024Q1 have been reviewed by accountants.

Note 2: The latest earnings distribution has been proposed by the board of directors and has not yet been decided by the board of shareholders.

Condensed Balance Sheet - Consolidated

Unit: NT $1000

Year / Project	Financial information for the last five years (Note 1)					
	2019	2020	2021	2022	2023	2024Q1
Operating income	5,199,022	5,439,230	6,146,290	6,421,806	5,679,188	1,426,377
Gross operating profit	1,184,160	1,264,093	1,237,343	1,156,658	1,208,993	299,339
Operating profit and loss	31,018	228,722	216,438	(16,358)	(3,538)	(40,635)
Non-operating income and expenses	(146,410)	3,379	192,632	259,570	(34,048)	17,155
Net income before tax	(115,392)	232,101	409,070	243,212	(37,586)	(23,480)
Net profit for the current period from continuing operations	(158,709)	191,139	342,074	111,929	(83,293)	(41,616)
Loss from suspended units	-	-	-	-	-	-
Current net profit (loss)	(158,709)	191,139	342,074	111,929	(83,293)	(41,616)
Other comprehensive income (loss) for the current period (net of tax)	(117,997)	1,795	(104,489)	120,485	(55,547)	81,936
Total comprehensive income or loss for the current period	(276,706)	192,934	237,585	232,414	(138,840)	40,320
Net income attributable to owners of parent company	(119,835)	144,409	363,725	277,279	104,098	16,141
Net income attributable to non-controlling interests	(38,874)	46,730	(21,651)	(165,350)	(187,391)	(57,757)
Total comprehensive income or loss attributable to owners of the parent company	(234,732)	137,403	275,922	386,926	62,165	83,606
Total comprehensive income or loss attributable to non-controlling interests	(41,974)	55,531	(38,337)	(154,512)	(201,005)	(43,286)
Earnings per share (Note 2)	(0.79)	0.96	2.42	1.82	0.66	0.10

*Financial information in accordance with International Financial Reporting Standards.

Note 1: The financial data of the last five years have been audited and certified by accountants and 2024Q1 have been reviewed by accountants.

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

Condensed balance sheet – individual

Unit: NT $1000

Project \ Year		Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		455,606	641,961	808,777	795,334	744,209
Property, plant and equipment		159,873	159,057	165,712	166,724	154,819
Intangible Assets		3,009	2,393	1,684	1,315	1,684
Other Assets		3,765,639	4,117,139	4,091,197	4,219,805	3,967,449
Total Assets		4,384,127	4,920,550	5,067,370	5,183,178	4,868,161
Current liabilities	Before distribution	576,699	1,040,972	951,911	849,602	988,023
	After distribution (Note 2)	576,699	1,185,192	1,134,026	1,079,632	1,098,154
Non-current liabilities		1,406,339	1,338,428	1,434,139	1,433,665	950,445
Total liabilities	Before distribution	1,983,038	2,379,400	2,386,050	2,283,267	1,938,468
	After distribution (Note 2)	1,983,038	2,523,620	2,568,165	2,513,297	2,048,599
Equity attributable to owners of parent company		2,401,089	2,541,150	2,681,320	2,899,911	2,929,693
Share capital		1,593,246	1,593,246	1,659,694	1,638,061	1,694,613
Capital surplus		551,531	585,347	709,559	689,968	733,926
Retained earnings	Before distribution	669,939	798,781	935,872	989,379	864,838
	After distribution (Note 2)	669,939	654,561	753,757	759,349	754,707
Other interests		(311,505)	(317,488)	(476,758)	(339,685)	(363,684)
Treasury stock		(102,122)	(118,736)	(147,047)	(77,812)	-
Total equity	Before distribution	2,401,089	2,541,150	2,681,320	2,899,911	2,929,693
	After distribution	2,401,089	2,396,930	2,499,205	2,669,881	2,819,562

* Financial information using international financial reporting standards.

Note 1: The financial data of the last five years have been audited and certified by accountants.

Note 2: The latest earnings distribution has been proposed by the board of directors and has not yet been decided by the board of shareholders.

Condensed balance sheet – individual

Unit: NT $1000

Year / Project	Financial information for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	650,286	810,550	1,350,072	1,757,582	1,414,333
Gross operating profit	107,752	136,011	224,653	293,676	258,098
Operating profit and loss	(73,128)	(57,128)	69,562	73,150	43,512
Non-operating income and expenses	(44,661)	207,537	296,563	224,838	77,729
Net income before tax	(117,789)	150,409	366,125	297,988	121,241
Net profit for the current period from continuing operations	(119,835)	144,409	363,725	277,279	104,098
Loss from suspended units	-	-	-	-	-
Net profit (loss) for the current period	(119,835)	144,409	363,725	277,279	104,098
Other comprehensive income (loss) for the current period (net of tax)	(114,897)	(7,006)	(87,803)	109,647	(41,933)
Total comprehensive income or loss for the current period	(234,732)	137,403	275,922	386,926	62,165
Earnings per share (Note 2)	(0.79)	0.96	2.42	1.82	0.66

*Financial information in accordance with International Financial Reporting Standards.

Note 1: The financial data of the last five years have been audited and certified by accountants.

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

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

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

Year	Name of Certified Public Accountant	Comments
2019	Hsu Wenya, Huang Yimin	Unqualified opinion
2020	Huang Yimin, Hsu Wenya	Unqualified opinion
2021	Huang Yimin, Hsu Wenya	Unqualified opinion
2022	Huang Yimin, Hsu Wenya	Unqualified opinion
2023	Huang Yimin, Hsu Wenya	Unqualified opinion

2、Financial analysis of the last five years

（1）Financial analysis

Financial analysis – Consolidation

Analysis items (Note 2) \ Year (Note 1)		Financial analysis of the last five years					
		2019	2020	2021	2022	2023	2024Q1
Financial Structure	Debt to assets ratio (%)	52.21	50.17	48.01	47.87	48.83	50.02
	Proportion of long-term funds in real estate, plant and equipment (%)	390.37	480.34	417.51	342.59	307.54	366.80
Solvency	Current ratio (%)	205.62	217.60	228.61	215.97	180.16	187.60
	Quick ratio (%)	159.80	175.63	166.92	148.14	125.27	140.31
	Interest coverage ratio	(1.84)	7.02	13.91	7.86	0.14	(1.16)
Operating Capacity	Receivables turnover ratio (times)	3.22	3.57	3.90	4.32	3.81	3.85
	Average cash collection days	113.35	102.24	93.59	84.49	95.80	94.81
	Inventory turnover ratio (times)	4.24	4.38	4.09	3.65	3.13	3.42
	Turnover rate of accounts payable (times)	5.71	5.73	5.71	5.41	4.48	4.54
	Average days of sales	86.08	83.33	89.24	100.00	116.61	106.73
	Property, plant and equipment turnover rate (times)	4.27	4.69	4.88	4.18	3.36	3.67
	Total assets turnover rate (times)	0.78	0.74	0.76	0.79	0.70	0.71
Profitability	Return on assets (%)	(1.88)	3.01	4.54	1.72	(0.60)	(1.64)
	Return rate of owner's equity attributable to parent company (%)	(4.71)	5.84	13.93	2.63	3.57	2.20
	Ratio of net income before tax to paid-in capital (%)	(7.24)	14.57	24.65	14.85	(0.21)	(5.47)
	Net income ratio (%)	(3.05)	3.51	5.57	1.74	(1.47)	(2.92)
	Earnings per share (NT$)	(0.79)	0.96	2.42	1.82	0.66	0.10
Cash Flow	Fund flow ratio (%)	21.95	14.15	11.80	20.00	6.86	-
	Fund Flow Adequacy Ratio (%)	186.19	162.50	100.62	70.92	63.75	41.79
	Cash reinvestment ratio (%)	6.01	4.58	0.70	2.81	(0.51)	(2.23)
Leverage	Operating leverage ratio	8.69	2.06	2.12	-	-	-
	Financial leverage ratio	-	1.20	1.17	0.32	-	-
Due to the impact of the 2023 economic environment on optical subsidiaries, the overall profits declined, so the profitability ratios, interest coverage ratios and cash flow ratios declined significantly.							

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

Note 1: All financial information for the last five years has been audited and approved by the accountants and 2024Q1 have been reviewed by accountants.

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

1. Financial structure

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

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

2. Solvency

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

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

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

3. Operating capacity

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5. Cash Flow

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

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

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

6. Leverage ratio.

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

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

Financial analysis – Individual

Analysis items (Note 2)	Year (Note 1)	Financial analysis of the last five years				
		2019	2020	2021	2022	2023
Financial Structure	Debt to assets ratio (%)	45.23	48.36	47.09	44.05	39.82
	Proportion of long term funds in real estate, plant and equipment (%)	2381.53	2439.11	2483.50	2599.25	2506.24
Solvency	Current ratio (%)	79.00	61.67	84.96	93.61	75.32
	Quick ratio (%)	72.01	52.14	75.27	80.25	61.25
	Interest coverage ratio	(4.50)	6.88	16.48	14.59	5.25
Operating Capacity	Receivables turnover ratio (times)	5.54	6.17	6.21	6.51	5.44
	Average cash collection days	65.88	59.16	58.78	56.07	67.10
	Inventory turnover ratio (times)	15.38	11.09	13.09	15.45	11.24
	Turnover rate of accounts payable (times)	7.25	6.94	6.27	6.06	5.21
	Average days of sales	23.73	32.91	27.88	23.62	32.47
	Property, plant and equipment turnover rate (times)	3.62	5.08	8.31	10.57	8.80
	Total assets turnover rate (times)	0.15	0.17	0.27	0.34	0.28
Profitability	Return on assets (%)	(2.38)	3.54	7.66	5.75	2.53
	Return on equity (%)	(4.71)	5.84	13.93	9.94	3.57
	Ratio of net income before tax to paid-in capital (%)	(7.39)	9.44	22.06	18.19	7.15
	Net income ratio (%)	(18.43)	17.82	26.94	15.78	7.36
	Earnings per share (NT$)	(0.79)	0.96	2.42	1.82	0.66
Cash Flow	Fund flow ratio (%)	2.83	-	13.56	24.82	0.86
	Fund Flow Adequacy Ratio (%)	3.32	3.67	24.31	-	42.16
	Cash reinvestment ratio (%)	-	-	-	-	(5.02)
Leverage	Operating leverage ratio	-	-	1.87	1.58	1.42
	Financial leverage ratio	-	-	1.52	1.43	2.91
Due to the impact of the 2023 economic environment on optical subsidiaries, the overall profits declined, so the profitability ratios, interest coverage ratios and cash flow ratios declined significantly.						

* Financial information using international financial reporting standards.

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

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

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

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

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

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

Audit Committee Review Report

The board of directors has issued a report on the Company's business, financial statements, and proposed appropriation of earnings for the year ended December 31, 2023, of which the financial statements have been audited and the audit report has been issued by Deloitte Touche Tohmatsu Limited. The above business report, financial statements and earnings distribution report have been checked by the audit committee, and it is found that there are no inappropriate parts. Please refer to Article 14-4 of the Securities and Exchange Act and Article 219 of the Companies Act and report the above for your review.

K Laser Technology Inc.

Convenor of Audit Committee: Li-Hua Liao

March 12, 2024

Stock Code: 2461

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, 2023 and 2022

Address: No.1, Li-Hsin Road VI, Science-Based Industrial Park, Hsinchu, Taiwan
Tel: (03)577-0316

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, 2023 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 12, 2024

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, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements (including a summary of material 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, 2023 and 2022 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 Financial Statements Audit and Attestation Engagements of 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, 2023. 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 operating revenue mainly comes from the manufacture of laser holographic films, laser anti-counterfeiting labels, laser papers, precision optical components and optical instruments. In 2023, 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 of 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 shipping 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, 2023 and 2022, the total assets of the aforementioned subsidiaries amounted to NT$254,203 thousand and NT$248,563 thousand, respectively, which accounted for 3.18% and 3.06% of the consolidated total assets, respectively. For the years ended December 31, 2023 and 2022, the net operating revenue of these subsidiaries amounted to NT$281,204 thousand and NT$237,024 thousand, respectively, which accounted for 4.95% and 3.69% 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, 2023 and 2022, investments accounted for using the equity method amounted to NT$158,252 thousand and NT$153,302 thousand, respectively, which accounted for 1.98% and 1.89% of the consolidated total assets, respectively. For the years ended December 31, 2023 and 2022, the share of profit from equity-method investments amounted to NT$13,027 thousand and NT$16,984 thousand, respectively, which accounted for (34.66%) and 6.98% of the consolidated net profit (loss) before tax, respectively. Refer to Note 35 of 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, 2023 and 2022 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, 2023 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: 1030024438	Securities and Futures Bureau Approval No: 0920123784

March 12, 2024

K Laser Technology Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 1,503,335	19	$ 1,720,354	21
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	407	-	315	-
1136	Financial assets at amortized cost - current (Notes 4 and 8)	4,267	-	-	-
1150	Notes receivable (Notes 4 and 10)	158,679	2	136,977	2
1170	Trade receivables (Notes 4 and 10)	1,425,439	18	1,252,302	16
1200	Other receivables (Note 32)	27,917	-	30,700	-
1220	Current tax assets (Notes 4 and 26)	16,736	-	20,706	-
130X	Inventories (Notes 4 and 11)	1,385,619	17	1,473,174	18
1460	Non-current assets held for sale (Notes 4 and 12)	-	-	6,735	-
1470	Other current assets (Notes 6, 19 and 33)	455,520	6	419,024	5
11XX	Total current assets	4,977,919	62	5,060,287	62
	Non-current assets				
1510	Financial assets at fair value through other profit or loss - non-current (Notes 4 and 7)	62,117	1	6,161	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	87,631	1	91,861	1
1535	Financial assets at amortized cost - non-current (Notes 4 and 8)	7,183	-	-	-
1550	Investments accounted for using the equity method (Notes 4 and 14)	409,409	5	452,191	6
1600	Property, plant and equipment (Notes 4 and 15)	1,699,619	21	1,684,155	21
1755	Right-of-use assets (Notes 4 and 16)	407,842	5	293,025	4
1805	Goodwill (Notes 4, 17 and 29)	42,724	1	42,724	-
1821	Other intangible assets (Notes 4 and 18)	35,779	-	38,190	-
1840	Deferred tax assets (Notes 4 and 26)	47,382	1	52,666	1
1990	Other non-current assets (Notes 6, 19 and 33)	212,413	3	414,850	5
15XX	Total non-current assets	3,012,099	38	3,075,823	38
1XXX	Total assets	$ 7,990,018	100	$ 8,136,110	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 20)	$ 655,775	8	$ 513,937	6
2110	Short-term notes and bills payable (Note 20)	49,992	1	99,979	1
2150	Notes payable	307,421	4	327,776	4
2170	Trade payables	651,515	8	709,072	9
2180	Trade payables to related parties (Note 32)	40	-	14	-
2200	Other payables (Note 22)	560,090	7	553,342	7
2220	Other payables to related parties (Note 32)	-	-	143	-
2230	Current tax liabilities (Notes 4 and 26)	32,627	1	83,388	1
2280	Lease liabilities - current (Notes 4 and 16)	61,906	1	39,733	1
2321	Convertible corporate bonds due within 1 year or 1 operating cycle (Notes 4 and 21)	333,168	4	-	-
2322	Long-term borrowings due within 1 year or 1 operating cycle (Notes 4 and 20)	2,732	-	-	-
2399	Other current liabilities	107,805	1	15,631	-
21XX	Total current liabilities	2,763,071	35	2,343,015	29
	Non-current liabilities				
2500	Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	1,366	-
2530	Corporate bonds payable (Note 21)	-	-	512,791	6
2540	Long-term borrowings (Note 20)	891,952	11	858,560	11
2580	Lease liabilities - non-current (Notes 4 and 16)	210,396	3	153,231	2
2570	Deferred tax liabilities (Notes 4 and 26)	21,844	-	23,265	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 23)	13,767	-	14,812	-
25XX	Total non-current liabilities	1,137,959	14	1,564,025	19
2XXX	Total liabilities	3,901,030	49	3,907,040	48
	Equity (Note 24)				
	Share capital				
3110	Ordinary shares	1,694,613	21	1,638,061	20
3200	Capital surplus	733,926	9	689,968	9
	Retained earnings				
3310	Legal reserve	290,349	4	277,305	3
3320	Special reserve	298,529	4	332,865	4
3350	Unappropriated earnings	275,960	3	379,209	5
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(328,068)	(4)	(272,403)	(3)
3420	Unrealized loss on financial assets at fair value through other comprehensive income	(13,761)	-	(26,184)	-
3490	Unearned employee benefits	(21,855)	-	(41,098)	(1)
3500	Treasury shares	-	-	(77,812)	(1)
31XX	Total equity attributable to the Company	2,929,693	37	2,899,911	36
36XX	Non-controlling interests (Note 24)	1,159,295	14	1,329,159	16
3XXX	Total equity	4,088,988	51	4,229,070	52
	Total liabilities and equity	$ 7,990,018	100	$ 8,136,110	100

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

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, 2023 and 2022

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

		2023		2022	
Code		**Amount**	**%**	**Amount**	**%**
4000	Operating revenue (Notes 4, 25 and 32)	$ 5,679,188	100	$ 6,421,806	100
5110	Cost of goods sold (Notes 11 and 32)	4,470,195	79	5,265,148	82
5950	Gross profit	1,208,993	21	1,156,658	18
	Operating expenses (Notes 10 and 32)				
6100	Selling and marketing	437,331	8	407,162	6
6200	General and administrative	452,817	8	431,215	7
6300	Research and development	318,574	5	332,296	5
6450	Expected credit loss	3,809	-	2,343	-
6000	Total operating expenses	1,212,531	21	1,173,016	18
6900	Loss from operations	(3,538)	-	(16,358)	-
	Non-operating income and expenses				
7060	Share of profit or loss of associates accounted for using the equity method (Note 14)	(6,603)	-	5,562	-
7100	Interest income (Note 32)	32,035	1	18,649	-
7130	Dividend income	978	-	-	-
7190	Other income (Note 32)	45,692	1	57,014	1
7225	Gain on disposal of investments	3,274	-	8,807	-
7226	Gain from sale and leaseback transactions (Notes 15 and 16)	-	-	281,814	4
7230	Gain on foreign exchange	29,116	1	159,201	3
7235	Gain (loss) on financial assets (liabilities) at fair value through profit or loss	2,027	-	(3,988)	-
7510	Interest expense	(43,592)	(1)	(35,459)	(1)
7590	Miscellaneous expense	(37,401)	(1)	(131,350)	(2)
7610	Disposal of property, plant and equipment	(20,492)	-	(7,298)	-
7670	Impairment loss (Note 15)	(39,082)	(1)	(93,382)	(1)
7000	Total non-operating income and expenses	(34,048)	-	259,570	4

(continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Profit (loss) before tax	($ 37,586)	-	$ 243,212	4
7950	Income tax expense (Notes 4 and 27)	(45,707)	(1)	(131,283)	(2)
8200	Profit (loss) for the year	(83,293)	(1)	111,929	2
	Other comprehensive income (loss) (Note 24)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	1,136	-	5,343	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	14,362	-	(4,793)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(69,617)	(1)	115,520	2
8370	Share of other comprehensive income (loss) of associates accounted for using the equity method	(1,428)	-	4,415	-
8300	Total other comprehensive income (loss)	(55,547)	(1)	120,485	2
8500	Total comprehensive income (loss) for the year	($ 138,840)	(2)	$ 232,414	4
	Net profit (loss) attributed to				
8610	Owners of the Company	$ 104,098	2	$ 277,279	4
8620	Non-controlling interests	(187,391)	(3)	(165,350)	(2)
8600		($ 83,293)	(1)	$ 111,929	2
	Total comprehensive income (loss) attributed to				
8710	Owners of the Company	$ 62,165	1	$ 386,926	6
8720	Non-controlling interests	(201,005)	(3)	(154,512)	(2)
8700		($ 138,840)	(2)	$ 232,414	4
	Earnings per share (Note 28)				
	From continuing operations				
9710	Basic	$ 0.66		$ 1.82	
9810	Diluted	$ 0.56		$ 1.50	

(concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 12, 2024)

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, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Shareholders of the Company										
				Retained Earnings			Other Equity					
Code		Ordinary Shares	Capital Surplus	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, 2022	$ 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 earnings (Note 24)											
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 (Notes 21 and 24)	24,317	18,853	-	-	-	-	-	-	-	-	43,170
L1	Buy-back of treasury shares (Note 24)	-	-	-	-	-	-	-	-	(7,482)	-	(7,482)
L3	Cancellation of treasury shares (Note 24)	(45,950)	(30,767)	-	-	-	-	-	-	76,717	-	-
M7	Changes in percentage of ownership interests in subsidiaries	-	(7,677)	-	-	-	-	-	-	-	-	(7,677)
N1	Compensation cost of restricted shares for employees (Note 29)	-	-	-	-	-	-	-	31,775	-	-	31,775
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	(105,865)	(105,865)
Q1	Disposal of equity instruments designated as at fair value through other comprehensive income (Note 24)	-	-	-	-	(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
	Appropriation and distribution of 2022 earnings (Note 24)											
B1	Legal reserve	-	-	13,044	-	(13,044)	-	-	-	-	-	-
B3	Special reserve	-	-	-	(34,278)	34,278	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	(230,030)	-	-	-	-	-	(230,030)
D1	Net profit (loss) for the year ended December 31, 2023	-	-	-	-	104,098	-	-	-	-	(187,391)	(83,293)
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,136	(55,747)	12,678	-	-	(13,614)	(55,547)
L3	Cancellation of treasury shares (Note 24)	(60,000)	(17,812)	-	-	-	-	-	-	77,812	-	-
I1	Conversion of corporate bonds into ordinary shares (Notes 21 and 24)	116,552	66,350	-	-	-	-	-	-	-	-	182,902
M5	Difference between consideration received or paid and carrying amount of subsidiaries' net assets during actual acquisition or disposal	-	7,427	-	(58)	(113)	82	171	-	-	8,836	16,345
M7	Changes in percentage of ownership interests in subsidiaries	-	(12,007)	-	-	-	-	-	-	-	-	(12,007)
N1	Compensation cost of restricted shares for employees (Note 29)	-	-	-	-	-	-	-	19,243	-	-	19,243
Q1	Disposal of equity instruments designated as at fair value through other comprehensive income (Note 24)	-	-	-	-	426	-	(426)	-	-	-	-
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	22,305	22,305
Z1	Balance at December 31, 2023	$ 1,694,613	$ 733,926	$ 290,349	$ 298,529	$ 275,960	($ 328,068)	($ 13,761)	($ 21,855)	$ -	$ 1,159,295	$ 4,088,988

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 12, 2024)

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, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flows from operating activities		
A10000	Profit (loss) before tax	($ 37,586)	$ 243,212
A20010	Adjustments for:		
A20100	Depreciation expense	255,446	257,715
A20200	Amortization expense	4,768	5,740
A20300	Expected credit loss	3,809	2,343
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(2,027)	3,988
A20900	Interest expense	43,592	35,459
A21200	Interest income	(32,035)	(18,649)
A21300	Dividend income	(978)	-
A21900	Compensation cost of share-based payments	19,262	31,931
A22300	Share of (profit) loss of associates and joint ventures accounted for using the equity method	6,603	(5,562)
A22500	Loss on disposal and write-down of property, plant and equipment	20,492	7,298
A23100	Gain on disposal of investments	(3,274)	(8,807)
A23500	Impairment loss recognized on financial assets	-	5,150
A23700	Impairment loss recognized on non-financial assets	39,082	88,232
A23800	(Reversal of) inventory loss and obsolescence	(6,464)	32,150
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	(21,702)	(35,082)
A31150	Trade receivables	(175,740)	34,037
A31160	Trade receivables from related parties	-	195,300
A31180	Other receivables	1,662	(1,567)
A31200	Inventories	94,019	(97,270)
A31240	Other current assets	83,504	(94,292)
A31990	Other non-current assets	(6,891)	5,696
A32130	Notes payable	(20,355)	59,354
A32150	Trade payables	(57,557)	69,984
A32160	Trade payables to related parties	26	(3,695)
A32180	Other payables	(13,757)	27,437

(continued)

Code		2023	2022
A32190	Other payables to related parties	(\$ 143)	\$ 26
A32230	Other current liabilities	92,174	4,259
A32240	Net defined benefit liabilities - non-current	91	(3)
A33000	Cash generated from operations	286,021	562,516
A33100	Interest received	32,035	18,649
A33300	Interest paid	(39,967)	(31,246)
A33500	Income tax paid	(88,634)	(81,358)
AAAA	Net cash generated from operating activities	189,455	468,561
	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	11,228	3,000
B00040	Acquisition of financial assets at amortized cost	(11,450)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(55,386)	(6,818)
B00200	Disposal of financial assets at fair value through other comprehensive income	7,364	2,006
B01900	Net cash inflow from disposal of associates	23,987	-
B02600	Proceeds from disposal of assets	9,665	27,705
B02700	Purchase of property, plant and equipment	(299,573)	(600,253)
B02800	Proceeds from disposal of property, plant and equipment	20,697	342,110
B03700	Decrease (increase) in refundable deposits	(14,977)	1,510
B04100	Decrease in other receivables	882	6,950
B04500	Purchase of intangible assets	(2,357)	(1,624)
B05350	Acquisition of right-of-use assets	(53,998)	-
B06600	Decrease (increase) in other financial assets	129,717	(74,440)
B07100	Increase in prepayments for equipment	(25,459)	(45,669)
B07600	Dividends received	7,625	6,043
BBBB	Net cash used in investing activities	(252,035)	(345,095)
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	141,838	(233,608)
C00500	Decrease in short-term bills payable	(50,000)	(60,000)
C01600	Proceeds from long-term borrowings	546,000	461,960
C01700	Repayments of long-term borrowings	(510,000)	(397,400)

(continued)

Code		2023	2022
C04500	Issuance of cash dividends	($ 230,030)	($ 228,121)
C04800	Exercise of employee share options	13,073	20,700
C04900	Buy-back of treasury shares	-	(7,482)
C05500	Proceeds from sale of investment in subsidiaries	16,345	-
C05800	Change in non-controlling interests	17,408	(115,119)
C04020	Repayment of the principal portion of lease liabilities	(52,167)	(54,187)
CCCC	Net cash used in financing activities	(107,533)	(613,257)
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents	(46,906)	81,303
EEEE	Net decrease in cash and cash equivalents in the current period	(217,019)	(408,488)
E00100	Cash and cash equivalents at the beginning of the year	1,720,354	2,128,842
E00200	Cash and cash equivalents at the end of the year	$ 1,503,335	$ 1,720,354

(concluded)

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

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, 2023 and 2022

(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 12, 2024.

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)

Except as stated below, the application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

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 needs 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 in 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 judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or

e) The accounting is complex and users of the financial statements would rely on the information to understand those material transactions, other events or conditions.

Refer to Note 4 for the disclosures of relevant accounting policies.

Amendments to IAS 8 "Definition of Accounting Estimates"

The Group has applied this amendment since January 1, 2023, which defines 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.

Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that transactions generating the same amount of taxable and deductible temporary differences do not apply the initial recognition exemption in IAS 12. The Group applied this amendment to all taxable and deductible temporary differences associated with leases and decommissioning obligations on January 1, 2022 and recognized deferred tax assets (if it is probable that taxable income will be available for deduction of temporary differences) and deferred tax liabilities. Transactions other than leases and decommissioning obligations which occurred after January 1, 2022 are deferred from applying this amendment. When applying the amendments to IAS 12, the Group retrospectively adjusted comparative period information and the cumulative effect was recognized in retained earnings on January 1, 2022.

In accordance with pre-amended IAS 12, the impact of relevant line items and balances of the Group in 2023 were adjusted to the amended IAS 12 as follows:

Impact of assets, liabilities and equity items on 2023

	December 31, 2023
Increase in deferred tax assets	$ 21,844
Increase in assets	$ 21,844
Increase in deferred tax liabilities	$ 21,844
Increase in liabilities	$ 21,844

On the initial application of amendments to IAS 12, the impact on 2022 was summarized as follows:

Impact of assets, liabilities and equity items on 2022

	Amount Before Restatement	Adjustment of Initial Application	Amount After Restatement
December 31, 2022			
Deferred tax assets	$ 29,401	$ 23,265	$ 52,666
Impact on assets	$ 29,401	$ 23,265	$ 52,666
Deferred tax liabilities	$ -	$ 23,265	$ 23,265
Impact on liabilities	$ -	$ 23,265	$ 23,265
January 1, 2022			
Deferred tax assets	$ 20,000	$ 30,409	$ 50,409
Impact on assets	$ 20,000	$ 30,409	$ 50,409
Deferred tax liabilities	$ -	$ 30,409	$ 30,409
Impact on liabilities	$ -	$ 30,409	$ 30,409

(2) The IFRSs endorsed by the FSC with effective date starting 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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.

Note 3: Exemption from certain disclosure requirements when this amendment is applied for the first time.

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 for transfer of assets in IFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback 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.

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.

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 amendment 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.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	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
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 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. The Group recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. When the Group uses a non-functional currency as the presentation currency, the adjustment will affect the translation differences in equity of foreign operations on the date of initial application.

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 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.

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 amendment 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 material 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 that can be obtained on measurement date;
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 13 and Tables 5 and 6 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 entitled 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 currencies

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 converted at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or conversion 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 converted at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the conversion of non-monetary items are included in profit or loss for the period except for exchange differences arising from the conversion 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally converted from the foreign currency on the date of transaction and will not be re-converted.

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 converted into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are converted at exchange rates prevailing at the end of the reporting period; and income and expense items are converted at the average exchange rates for the period. The resulting currency conversion 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 Group'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 Group are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Group 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 using the weighted-average cost method.

(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 share of the equity of associates based on shareholding ratio.

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 as income for the current period.

When the Group 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 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 over their useful lives. 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 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 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 or cash-generating unit in prior years (less amortization or depreciation). 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

The Group’s 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 that is 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 issuance 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 of 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.

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from sales of holographic, optical instruments 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 subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. 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, amount expected to be paid by the lessee under residual value guarantee, 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, residual value of guarantees, purchase options for leased assets, or indices or rates used to determine lease payments result in changes in future lease payments, 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 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 plans are determined using the projected unit credit method. Service cost (including prior 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, changes in asset ceiling 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 in subsequent periods.

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 adjustment 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 adjustment 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 in their meeting 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 the carrying amount is increased 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. Material 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 based on historical experience and other relevant factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group considers the possible impact of cash flows, growth rates, discount rates, profitability, etc. when making its material accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the management.

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

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

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 27,413	$ 30,142
Bank checks and demand deposits	1,203,728	1,362,052
Cash equivalents		
Time deposits	272,194	328,160
	$ 1,503,335	$ 1,720,354

(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, 2023	December 31, 2022
Demand deposits	0.001%-1.45%	0.001%-1.05%
Time deposits	0.002%-5.65%	0.002%-4.65%

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

	December 31, 2023	December 31, 2022
Other current assets (Note 19)		
Guarantee deposits for bank acceptances	$ 151,410	$ 158,987
Guarantee deposits for issuance of corporate bonds	120,000	-
Bank's short-term loan guarantee	5,220	83,569
Guarantee deposits for research and development grant program	4,403	11,958
	$ 281,033	$ 254,514
Other non-current assets (Note 19)		
Guarantee deposits for land lease of Hsinchu Science Park	$ 5,000	$ 5,000
Custom duty deposits	2,601	2,646
Guarantee deposits for implementation of project plan	-	2,000
Bank's long-term loan guarantee	-	58,349
Guarantee deposits for issuance of corporate bonds	-	189,368
	$ 7,601	$ 257,363

7. Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at FVTPL		
Derivatives (not under hedge accounting)		
Redemption right of convertible bonds (Note 21)	$ 407	$ 315
Non-derivative financial assets		
Limited partnership	55,386	-
Hybrid financial assets		
Corporate bonds	6,731	6,161
Financial assets at FVTPL	$ 62,524	$ 6,476
Current	407	315
Non-current	62,117	6,161
	$ 62,524	$ 6,476
Financial liabilities held for trading - non-current		
Derivatives (not under hedge accounting)		
Convertible option of corporate bonds (Note 21)	$ -	$ 1,366

8. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with original maturities of more than 3 months	$ 4,267	$ -
Non-current		
Time deposits with original maturities of more than 3 months	$ 7,183	$ -

9. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	December 31, 2023	December 31, 2022
Non-current		
Domestic investments - unlisted shares		
CDIB Capital Healthcare Ventures Corporation	$ 32,856	$ 33,317
Aether Precision Technology Inc.	-	1,673
Foreign investments - unlisted shares		
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	54,775	51,256
Foodfab Group Limited	-	5,615
	$ 87,631	$ 91,861

These investments in shares of the above companies are held for medium to long-term strategic purposes and the Group expects to make profit in the long term. 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.

10. Notes receivable and trade receivables

	December 31, 2023	December 31, 2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 158,679	$ 136,977
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,498,026	$ 1,325,028
Less: loss allowance	(72,587)	(72,726)
	$ 1,425,439	$ 1,252,302
Overdue receivables		
Overdue receivables	$ 7,705	$ 7,705
Less: loss allowance	(7,705)	(7,705)
	$ -	$ -

(1) Notes receivable

As of December 31, 2023 and 2022, 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-end close. 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.

The Group's historical experience of credit losses shows that the assessment of expected losses varies among subsidiaries in different regions and also differs for customers in different industries. Therefore, the provision matrix applies different expected credit loss rates based on different regions, industries, and the number of days overdue/terms of 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, 2023	December 31, 2022
Not overdue	$ 1,134,172	$ 1,036,875
1 to 60 days	211,568	175,547
61 to 90 days	43,253	35,043
91 to 180 days	62,087	36,787
181 to 360 days	10,773	5,334
Over 361 days	36,173	35,442
Total	$ 1,498,026	$ 1,325,028

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

	2023	2022
Balance at January 1	$ 72,726	$ 106,588
Add: Provision for expected credit loss	3,809	2,343
Less: Amounts written off	(2,741)	(37,114)
Foreign exchange gains and losses	(1,207)	909
Balance at December 31	$ 72,587	$ 72,726

As of December 31, 2023 and 2022, overdue receivables in 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.

11. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 819,551	$ 833,859
Work in process	58,713	50,996
Raw materials	426,552	441,770
Merchandise	80,803	146,549
	$ 1,385,619	$ 1,473,174

Details of cost of goods sold are as follows:

	2023	2022
Cost of inventory sold	$ 4,476,659	$ 5,232,998
(Reversal of) loss from inventory write-down and obsolescence	(6,464)	32,150
	$ 4,470,195	$ 5,265,148

The reversal of net realizable value in 2023 was due to the disposal of some inventories.

12. Non-current assets held for sale

	December 31, 2023	December 31, 2022
Foreign investment - Boxlight Corporation	$ -	$ 6,735

The Group disposed of the investment after a 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 its fair value, it was reclassified as non-current assets held for sale and presented on a separate line in the consolidated balance sheets.

In 2022, the Group had performed an impairment assessment on the abovementioned equity investment in accordance with relevant accounting policies and recognized a loss of $5,150 thousand, which was recognized under impairment loss.

13. 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, 2023	December 31, 2022
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	44%	45%
The Company	Insight Medical Solutions Inc.	R&D and sales of gastrointestinal endoscopy and other businesses	44%	41%
The Company	Guang Feng International Ltd.	Reinvestment business	100%	100%
The Company and K Laser China Group Holding Co., Limited	iWin Technology Co., Ltd.	Reinvestment company	100%	100%
K Laser International Co., Ltd.	K Laser Technology (Korea) Co., Ltd.	Manufacture and sales of holographic products	100%	100%
K Laser International Co., Ltd.	K Laser Technology (Thailand) Co., Ltd.	Manufacture and sales of holographic products	83%	83%
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	Sales of holographic products	80%	80%
K Laser International Co., Ltd.	Amagic Technologies U.S.A. (Dubai)	Sales agent for holographic products	100%	100%
K Laser International Co., Ltd.	K Laser Technology Japan Co., Ltd.	Manufacture and sales of holographic products	70%	70%
K Laser International Co., Ltd.	Amagic Holographics India Private Limited	Manufacture and sales of holographic products	100%	100%
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Reinvestment company	93.78%	93.78%
K Laser China Group Holding Co., Limited	K Laser Technology (Hongkong) Co., Ltd.	Sales agent for holographic products	100%	100%
K Laser China Group Holding Co., Limited	Holomagic Co., Ltd.	Reinvestment company	100%	100%
K Laser China Group Holding Co., Limited	Top Band Investment Limited	Reinvestment company	100%	100%
Holomagic Co., Ltd	Treasure Access Limited	Reinvestment company	100%	100%
Top Band Investment Limited	Union Bloom Limited	Reinvestment company	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 Access Limited	K Laser Technology (Wuxi) Co., Ltd.	Manufacture and sales of holographic products	100%	100%
Treasure Access Limited	Hunan Herui Laser Technology Co., Ltd.	Manufacture and sales of holographic products	49%	49%
Treasure Access Limited	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Manufacture and sales of holographic products	65%	65%

(continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2023	December 31, 2022
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Jiangyin Terryda Packing Technology Co., Ltd.	Manufacture and sales of holographic products	100%	100%
Union Bloom Limited	K Laser Technology (Dongguan) Co., Ltd.	Manufacture and sales of holographic products	100%	100%
Union Bloom Limited	K Laser Technology (Nanchang) Co., Ltd. (Note 2)	Manufacture and sales of holographic products	100%	-
K Laser Technology (Dongguan) Co., Ltd.	Zunyi Guangqun Laser Packaging Technology Co., Ltd. (Note 3)	Manufacture and sales of holographic products	91.07%	-
iWin Technology Co., Ltd.	Finity Laboratories	Research and development of holographic technology	Liquidated	100%
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: K Laser Technology (Nanchang) Co., Ltd. was established on March 6, 2023. It is mainly engaged in the manufacturing and sales of holographic products.

Note 3: Zunyi Guangqun Laser Packaging Technology Co., Ltd. was established on May 24, 2023. It is mainly engaged in the manufacturing and sales of holographic products.

Among the subsidiaries included in the consolidated financial statements, we did not audit the financial statements of K Laser Technology (Hongkong) Co., Ltd. and Amagic Technologies U.S.A (Dubai) for the years ended December 31, 2023 and 2022; they were audited by other auditors whose reports have been furnished to us. As of December 31, 2023 and 2022, the total assets of these subsidiaries amounted to NT$254,203 thousand and NT$248,563 thousand, respectively; for the years ended December 31, 2023 and 2022, the net operating revenue of these subsidiaries amounted to NT$281,204 thousand and NT$237,024 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, 2023	December 31, 2022
Optivision Technology Inc.	Hsinchu City	56%	55%

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

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests 2023	2022	Accumulated Non-controlling Interests December 31, 2023	December 31, 2022
Optivision Technology Inc.	($ 166,239)	($ 169,178)	$ 373,226	$ 529,258

The summarized financial information below represents amounts before intragroup eliminations:

Optivision Technology Inc. and subsidiaries

	December 31, 2023	December 31, 2022
Current assets	$ 564,975	$ 596,656
Non-current assets	549,591	542,701
Current liabilities	(404,957)	(182,224)
Non-current liabilities	(50,128)	(1,829)
Equity	$ 659,481	$ 955,304

	2023	2022
Operating revenue	$ 721,020	$ 953,035
Net loss from continuing operations	($ 298,604)	($ 304,706)
Loss for the year	(298,604)	(304,706)
Other comprehensive income (loss) for the year	2,208	(12,716)
Total comprehensive loss for the year	($ 296,396)	($ 317,422)
Cash inflow (outflow) from		
Operating activities	($ 308,733)	$ 162,897
Investing activities	(19,145)	(348,221)
Financing activities	179,502	(302,501)
Foreign exchange differences	(1,164)	1,931
Net cash outflow	($ 149,540)	($ 485,894)

14. Investments accounted for using the equity method

(1) Investments in associates

Name of Associate	Nature of Activities	Principal Place of Business	December 31, 2023 Carrying Amount	December 31, 2023 Proportion of Ownership (%)	December 31, 2022 Carrying Amount	December 31, 2022 Proportion of Ownership (%)
Immaterial associates						
Vicome Corp.	Manufacture, processing and trading of fluorescent pigments and dyes	Yunlin County	$ 158,252	30	$ 153,302	30
Guang Feng (Wuxi) Co., Ltd.	Manufacture and sale of optical instruments	Mainland China	25,522	45	31,812	45
Foshan Donglin Packaging Material Co., Ltd.	Production of cigarette packaging materials and extended products	Mainland China	-	(Note 1)	23,756	25
Hunan Hexin Packaging Material Co., Ltd. (Note 2)	Production, processing and sales of film and cigarette packs, and the segmentation of cigarette papers	Mainland China	211,472	49	227,479	49
CIO Tech Ltd.	Investment holding	Cayman Islands	14,163	22	15,842	22
			$ 409,409		$ 452,191	

Note 1: Foshan Donglin Packaging Material Co., Ltd. had completed its liquidation in October 2023.

Note 2: In response to the adjustment to the Group's organizational structure, K Laser Technology (Dongguan) Co., Ltd. transferred its investment in Hunan Hexin Packaging Material Co., Ltd. directly to Treasure Access Limited in December 2023.

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

	2023	2022
The Group's share of:		
Profit (loss) from continuing operations	($ 6,603)	$ 5,562
Other comprehensive income (loss)	(1,428)	4,415
Total comprehensive income (loss) for the year	($ 8,031)	$ 9,977

The Group's share of profit or loss and other comprehensive income or loss accounted for using the equity method in 2023 and 2022 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, 2023 and 2022, the amounts of investments in equity-method associates were NT$158,252 thousand and NT$153,302 thousand, respectively; for the years ended December 31, 2023 and 2022, the share of profit of equity-method associates amounted to NT$13,027 thousand and NT$16,984 thousand, respectively.

15. Property, plant and equipment

	December 31, 2023	December 31, 2022
Land	$ 389,234	$ 388,415
Buildings	359,710	397,688
Machinery equipment	519,341	501,385
Other equipment	300,967	324,948
Unfinished construction and equipment	130,367	71,719
	$ 1,699,619	$ 1,684,155

	Land	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
Cost						
Balance at January 1, 2023	$ 390,961	$ 1,051,453	$ 2,084,523	$ 910,329	$ 71,719	$ 4,508,985
Additions	-	8,805	91,959	46,207	152,284	299,255
Disposals	-	(14,828)	(118,139)	(34,938)	(2,576)	(170,481)
Reclassification	-	-	47,962	41,444	(89,136)	-
Net foreign exchange differences	810	(9,161)	(23,439)	(8,588)	(1,924)	(42,302)
Balance at December 31, 2023	$ 391,771	$ 1,036,269	$ 2,082,596	$ 954,454	$ 130,367	$ 4,595,457
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ 2,546	$ 653,765	$ 1,583,138	$ 585,381	$ -	$ 2,824,830
Depreciation expenses	-	29,631	82,282	75,336	-	187,249
Impairment losses	-	-	10,106	28,976	-	39,082
Disposals	-	(1,788)	(101,593)	(25,911)	-	(129,292)
Reclassification	-	-	5,732	(5,732)	-	-
Net foreign exchange differences	(9)	(5,049)	(16,410)	(4,563)	-	(26,031)
Balance at December 31, 2023	$ 2,537	$ 676,559	$ 1,563,255	$ 653,487	$ -	$ 2,895,838
Carrying amount at December 31, 2023	$ 389,234	$ 359,710	$ 519,341	$ 300,967	$ 130,367	$ 1,699,619
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	(86,507)	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

(continued)

	Land	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
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

(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, 2023 and 2022, the following property, plant, and equipment of the Group were pledged to banks as guarantee for loans:

	December 31, 2023	December 31, 2022
Land	$ 64,499	$ 63,955
Housing and construction	158,669	171,117
	$ 223,168	$ 235,072

(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 other non-current assets. The abovementioned land was paid 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 16 for more detailed information on lease agreements.

(5) The Group assessed that the future economic benefits of some machinery equipment and other equipment had decreased, resulting in the recoverable amount to be less than the carrying amount. This assessment led to the recognition of impairment loss on property, plant and equipment of $39,082 thousand and $88,232 thousand in 2023 and 2022, respectively, of which the impairment loss of Optivision Technology Inc. amounted to $37,162 thousand and $78,335 thousand, respectively. 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.

16. Lease arrangements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Land	$ 257,966	$ 227,315
Buildings	132,153	55,739
Machinery equipment	4,475	5,351
Transportation equipment	13,248	4,620
	$ 407,842	$ 293,025

	2023	2022
Additions to right-of-use assets	$ 189,807	$ 46,930
Depreciation charge for right-of-use assets		
Land	$ 15,641	$ 15,125
Buildings	45,617	37,135
Machinery equipment	1,881	1,870
Transportation equipment	5,058	3,945
	$ 68,197	$ 58,075

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, 2023 and 2022.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount		
Current	$ 61,906	$ 39,733
Non-current	$ 210,396	$ 153,231

Range of discount rate for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Land	1.5%-3.63%	1.5%-3.63%
Buildings	1.45%-5.5%	1.45%-5.5%
Machinery equipment	1.5%-2%	1.5%
Transportation equipment	1.2%-3.31%	1.5%-1.85%

(3) Material lease 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 in 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% of corporate income tax.

(4) Other lease information

	2023	2022
Expenses relating to short-term leases	$ 24,770	$ 24,664
Expenses relating to low-value asset leases	$ 254	$ 295
Total cash outflow for leases	($ 82,919)	($ 84,539)

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, 2023 and 2022, the following right-of-assets of the Group had been pledged to banks as collateral for borrowings and issuance of bank acceptances:

	December 31, 2023	December 31, 2022
Land	$ 4,566	$ 4,806

17. Goodwill

	December 31, 2023	December 31, 2022
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	$ 43,028
Balance at December 31	$ 43,028	$ 43,028
Carrying amount at December 31	$ 42,724	$ 42,724

The recoverable amount of Insight Medical Solutions Inc. was determined based on value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period and calculated using an annual discount rate of 15.7%. 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 cash-generating unit and management's expectations of market development.

18. Other intangible assets

	December 31, 2023	December 31, 2022
Carrying amount		
Computer software	$ 3,239	$ 2,692
Professional expertise	32,540	35,498
	$ 35,779	$ 38,190

	2023	2022
Cost		
Balance at January 1	$ 71,398	$ 69,799
Additions	2,357	1,624
Disposals	(530)	(26)
Net foreign exchange differences	(1)	1
Balance at December 31	$ 73,224	$ 71,398
Accumulated amortization and impairment		
Balance at January 1	$ 33,208	$ 27,492
Amortization expenses	4,768	5,740
Disposals	(530)	(26)
Net foreign exchange differences	(1)	2
Balance at December 31	$ 37,445	$ 33,208

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

19. Other assets

	December 31, 2023	December 31, 2022
Residual income tax	$ 32,855	$ 33,634
Prepayments	234,872	194,674
Refundable deposits	46,087	31,110
Restricted assets (Note 6)	288,634	511,877
Others	65,485	62,579
	$ 667,933	$ 833,874
Current	$ 455,520	$ 419,024
Non-current	212,413	414,850
	$ 667,933	$ 833,874

20. Borrowings

(1) Short-term borrowings

	December 31, 2023		December 31, 2022	
	Interest Rate	Amount	Interest Rate	Amount
Bank loans	1.85%-3.85%	$ 506,251	1.41%-3.95%	$ 387,304
Line of credit borrowings	0.58%-6.93%	108,055	0.72%-6.09%	23,573
Bank secured loans	3.60%-4.47%	41,469	1.67%-3.60%	103,060
		$ 655,775		$ 513,937

As of December 31, 2023 and 2022, 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.

As of December 31, 2023 and 2022, the Group’s loans from banks were secured by deposits, land and buildings; refer to Note 33.

(2) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial papers	$ 50,000	$ 100,000
Less: Discounts on short-term bills payable	(8)	(21)
	$ 49,992	$ 99,979

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial papers				
China Bills Finance Corporation	$ 50,000	$ 8	$ 49,992	1.828%

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial papers				
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	

(3) Long-term borrowings

	December 31, 2023		December 31, 2022	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Secured loans				
Hua Nan Commercial Bank				
Mortgage loan, interest is paid monthly from September 2021 to September 2023 and principal is paid upon maturity, 2 years extension of repayment period from September 2022 and October 2023, expiration date is October 2025. Portion of the loan was repaid in September 2023.	1.82	$ 480,000	1.53	$ 494,000
MEGA ICBC				
Mortgage loan, period is from November 2022 to November 2027. Principal and interest are repaid monthly from May 2024.	4.47	11,646	3.23	11,548
MEGA ICBC				
Mortgage loan, period is from December 2022 to December 2027. Principal and interest are repaid monthly from May 2024.	4.47	3,038	3.35	3,012
O-Bank				
Mortgage loan, interest is paid monthly from October 2022 to November 2024 and principal is paid upon maturity. It was fully repaid in May 2023.	-	-	1.85	50,000

(continued)

	December 31, 2023		December 31, 2022	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Unsecured loans				
Mega Bank				
Credit loan, interest is paid monthly from December 2023 to November 2025 and principal is paid upon maturity.	1.90	$ 30,000	-	$ -
Far Eastern Bank				
Credit loan, interest is paid monthly from March 2023 to November 2025 and principal is paid upon maturity.	1.98	20,000	-	-
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 November 2021, November 2022 and November 2023, expiration date is November 2025. Portion of the loan was repaid in September 2023.	1.89	120,000	1.77	150,000
KGI Bank				
Credit loan, interest is paid monthly from September 2023 to June 2025 and principal is paid upon maturity.	1.98	50,000	-	-
Yuanta Commercial Bank				
Credit loan, interest is paid monthly from August 2023 to July 2025 and principal is paid in full upon maturity.	1.86-1.9	80,000	-	-
Shin Kong Bank				
Credit loan, interest is paid monthly from December 2023 to November 2025 and principal is paid upon maturity.	1.86	100,000	-	-
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. It was fully repaid in February 2023.	-	-	1.78	50,000
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. It was fully repaid in April 2023.	-	-	1.77	50,000

(continued)

	December 31, 2023		December 31, 2022	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
O-Bank				
Credit loan, interest is paid monthly from November 2021 to November 2023 and principal is paid upon maturity, 2 years extension of repayment period from 2022, expiration date is November 2024. It was fully repaid in February 2023.	-	$ -	1.81	$ 50,000
Less: Long-term borrowings due within 1 year		(2,732)		-
		$ 891,952		$ 858,560

(concluded)

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

The loans from Cathay United Bank, CTBC Bank and KGI Bank are subject to specific financial ratios during the loan period as follows:

1. Current ratio (the ratio of current assets to current liabilities) should not be less than 100%.
2. Debt ratio (the ratio of total liabilities excluding cash and cash equivalents to tangible net worth) should not be higher than 100% to 150%.
3. Interest coverage ratio (the ratio of sum of pre-tax net income plus interest expense, depreciation and amortization to interest expense) should not be less than 300%.
4. Tangible net worth must not be less than NT$2,600,000 thousand.

21. Bonds payable

	December 31, 2023	December 31, 2023
Liability component of the 6th domestic convertible bonds	$ 333,168	$ 512,791
Less: Long-term liabilities due within 1 year	(333,168)	-
	$ -	$ 512,791

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 details 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: $120,000 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 face value.
10. Conversion price and adjustment:
    The base date 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 regulations. As of December 31, 2023, the conversion price was NT$15.8 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 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
Interest charged at an effective rate of 0.75%	10,551
Convertible bonds converted into ordinary shares	(255,223)
Liability component at December 31, 2023	$ 333,168

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

	Host Liability Instruments	Financial Assets - Redemption Rights	Financial Liabilities - Put Options
Balance at January 1, 2022	$ 552,053	$ 3,134	($ 855)
Interest expense	3,908	-	-
Change in fair value (gain or loss)	-	(2,819)	(511)
Corporate bonds converted into ordinary shares	(43,170)	-	-
Balance at December 31, 2022	512,791	315	(1,366)
Interest expense	3,278	-	-
Change in fair value (gain or loss)	-	92	1,366
Corporate bonds converted into ordinary shares	(182,901)	-	-
Balance at December 31, 2023	$ 333,168	$ 407	$ -

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, 33, and 34 for more details.

The aforementioned contract stipulates that the Group shall maintain specific financial ratios during the duration of loan as follows:

1. Current ratio (the ratio of current assets to current liabilities) should not be less than 100%.
2. Debt ratio (the ratio of total liabilities excluding cash and cash equivalents to tangible net worth) should not be higher than 100%.
3. Interest coverage ratio (the ratio of sum of pre-tax net income plus interest expense, depreciation and amortization to interest expense) should not be less than 300%.
4. Tangible net worth must not be less than NT$2,600,000 thousand.

22. Other payables

	December 31, 2023	December 31, 2022
Payables for salaries	$ 128,080	$ 130,421
Payables for interests	1,082	749
Payables for pension	44,031	42,725
Payables for employees' compensation and directors' remuneration	12,727	24,161
Payables for labor fee	4,794	2,349
Payables for purchase of equipment	6,931	7,249
Payables for dividends	20,491	19,757
Payables for taxes	49,575	39,783
Others	292,379	286,148
	$ 560,090	$ 553,342

23. 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, 2023 and 2022, the Group recognized total expenses of $12,347 thousand and $13,059 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 length of service and average monthly salaries of 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 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 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, 2023	December 31, 2022
Present value of defined benefit obligation	$ 41,786	$ 43,478
Fair value of plan assets	(28,019)	(28,666)
Net defined benefit liabilities	$ 13,767	$ 14,812

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, 2022	$ 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
Service cost			
Current service cost	381	-	381
Interest expense (income)	598	(397)	201
Recognized in profit or loss	979	(397)	582
Remeasurement			
Return on plan assets	-	(80)	(80)
Actuarial loss - change in financial assumptions	399	-	399
Actuarial loss - experience adjustments	(1,455)	-	(1,455)
Recognized in other comprehensive income	(1,056)	(80)	(1,136)
Contributions from employer	-	(491)	(491)
Benefits paid	(1,615)	1,615	-
Balance at December 31, 2023	$ 41,786	($ 28,019)	$ 13,767

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

	2023	2022
Summary by function		
Operating costs	$ 222	$ 219
Selling and marketing expenses	106	93
General and administrative expenses	181	203
Research and development expenses	73	81
	$ 582	$ 596

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 of government bonds 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 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, 2023	December 31, 2022
Discount rate	1.25%	1.375%
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, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 791)	($ 888)
0.25% decrease	$ 819	$ 920
Expected rate of salary increase		
0.25% increase	$ 801	$ 900
0.25% decrease	($ 777)	($ 873)

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, 2023	December 31, 2022
Expected contributions to the plans for the next year	$ 534	$ 554
Average duration of the defined benefit obligation	8.33 years	10.1 years

24. Equity

(1) Share capital

Ordinary shares

	December 31, 2023	December 31, 2022
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)	169,461	163,806
Amount of issued shares	$ 1,694,613	$ 1,638,061

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, 2023	163,806	$ 1,638,061
Conversion of bonds	11,655	116,552
Cancellation of treasury shares	(6,000)	(60,000)
Balance at December 31, 2023	169,461	$ 1,694,613
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

As of the issuance date of the consolidated financial statements, a total of 158 thousand bondholders of the abovementioned corporate bonds have exercised their conversion rights in 2023 but not yet completed registration of change.

(2) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premium	$ 541,273	$ 481,679
Treasury share transactions	10,251	10,420
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	91,331	93,210
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	51,583	54,283
May not be used for any purpose		
Share options	11,451	17,759
Employee restricted shares	28,037	32,617
	$ 733,926	$ 689,968

1) Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group'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 for approval with the attendance of more than two-thirds of the directors and the consent of 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 26.

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 2022 and 2021 were resolved by the Company's board of directors, as follows:

	2022Q4	2022Q2	2021Q4	2021Q2
Date of resolution	March 23, 2023	August 5, 2022	March 24, 2022	August 10, 2021
Legal reserve	$ 13,044	$ 15,119	$ 12,929	$ 23,321
Special reserve	($ 34,278)	$ 3,410	($ 62,397)	$ 74,430
Cash dividends	$ 230,030	$ 46,006	$ 182,115	$ 81,124
Cash dividends per share	$ 1.50	$ 0.30	$ 1.20	$ 0.54

The above appropriations of earnings for 2022 and 2021 were approved by the Company's shareholders in their meetings on May 5, 2023 and May 27, 2022, respectively.

The appropriations of earnings and cash dividends per share for 2023 were resolved by the Company's board of directors, as follows:

	2023Q4
Date of resolution	March 12, 2024
Legal reserve	$ 10,555
Special reserve	($ 43,300)
Cash dividends	$ 110,131
Cash dividends per share	$ 0.66

The remaining appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 24, 2024.

(4) Other equity items

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

	2023	2022
Balance at January 1	($ 272,403)	($ 373,245)
Exchange differences on the translation of net assets of foreign operations	(54,319)	96,427
Share of other comprehensive income of associates accounted for using the equity method	(1,428)	$ 4,415
Disposal of partial interests in subsidiaries	82	-
Balance at December 31	($ 328,068)	($ 272,403)

The exchange differences arising from the conversion of 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 foreign currency translation reserve in the financial statements of the foreign operations. The previously accumulated exchange differences in the financial statements of 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

	2023	2022
Balance at January 1	($ 26,184)	($ 30,640)
Unrealized valuation gains and losses on equity investments measured at fair value through other comprehensive income	12,678	3,462
Disposal of partial interests in subsidiaries	171	-
Transfer of accumulated gains and losses on disposal of equity investments to retained earnings	(426)	994
Balance at December 31	($ 13,761)	($ 26,184)

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 29).

	2023	2022
Balance at January 1	($ 41,098)	($ 72,873)
Share-based payment expenses recognized	19,243	31,775
Balance at December 31	($ 21,855)	($ 41,098)

(5) Non-controlling interests

	2023	2022
Balance at January 1	$ 1,329,159	$ 1,589,536
Attributable to non-controlling interests		
Net loss for the period	(187,390)	(165,350)
Exchange differences on translating the financial statements of foreign entities	(15,298)	19,093
Unrealized gain (loss) on financial assets at FVTOCI	1,684	(8,255)
Additions	37,800	-

(continued)

	2023	2022
Disposal of partial interests in subsidiaries	$ 8,836	$ -
Dividends paid by subsidiaries	(30,709)	(37,935)
Buy-back of treasury shares by subsidiaries	-	(89,175)
Exercise of share options by employees of subsidiaries	12,825	17,220
Others	2,388	4,025
Balance at December 31	$ 1,159,295	$ 1,329,159

(concluded)

(6) Treasury shares

1) The changes in treasury shares are as follows:

Unit: In New Taiwan Dollars

2023

Reason	Number of shares on January 1	Increase	Decrease	Number of shares on December 31
Transfer of shares to employees	4,500,000	-	(4,500,000)	-
Maintain the Company's credibility and shareholders' rights	1,500,000	-	(1,500,000)	-
	6,000,000	-	(6,000,000)	-

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
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

2) 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 Group shall not pledge treasury shares and not be entitled to dividends or voting rights, as stipulated by the Securities and Exchange Act.

25. Operating revenue

	2023	2022
Holographic	$ 4,414,260	$ 4,688,653
Optoelectronics	721,020	953,035
Optical instruments	526,281	762,615
Others	17,627	17,503
	$ 5,679,188	$ 6,421,806

26. Net profit from continuing operations

Employee benefits expense, depreciation and amortization expenses

	2023			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	$ 460,536	$ 444,627	$ -	$ 905,163
Post-employment benefits	$ 5,642	$ 7,287	$ -	$ 12,929
Termination benefits	$ 1	$ 644	$ -	$ 645
Other employee benefits	$ 22,478	$ 19,899	$ -	$ 42,377
Depreciation expenses				
Property, plant and equipment	$ 83,017	$ 101,650	$ 2,582	$ 187,249
Right-of-use assets	27,848	40,349	-	68,197
	$ 110,865	$ 141,999	$ 2,582	$ 255,446
Amortization expenses	$ 304	$ 4,464	$ -	$ 4,768

	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

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, 2023 and 2022 were approved by the board of directors on March 12, 2024 and March 23, 2023, respectively, as follows:

Estimated rate

	2023	2022
Compensation of employees	8%	6%
Remuneration of directors	1.5%	1.5%

Amount

	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	$ 10,717	$ -	$ 19,329	$ -
Remuneration of directors	2,010	-	4,832	-

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 and adjustments are accounted for in the following year.

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, 2022 and 2021.

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.

27. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

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

	2023	2022
Current tax		
In respect of the current year	$ 50,922	$ 88,541
Income tax on unappropriated earnings	415	1,055
Land appreciation tax	-	50,293
Adjustments for prior year	(8,713)	(4,932)
Deferred tax		
In respect of the current year	3,083	(3,674)
Income tax expense recognized in profit or loss	$ 45,707	$ 131,283

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

	2023	2022
Loss before tax from continuing operations	(\$ 37,586)	\$ 243,212
Income tax expense (benefit) calculated at the statutory rate	(\$ 13,570)	\$ 62,598
Loss (gain) on investments accounted for using the equity method	6,308	(18,399)
Dividends from foreign investments	2,400	19,900
Disposal of interests in foreign investments	(9,700)	(11,800)
Less: Withholding tax on foreign dividends	(1,200)	(7,700)
Unrecognized deductible temporary differences	(10,833)	12,573
Unrecognized write-off of losses	74,894	31,407
Unappropriated earnings	415	1,055
Land appreciation tax	-	50,293
Adjustments for prior years' tax	(8,713)	(4,932)
Others	5,706	(3,712)
Income tax expense recognized in profit or loss	\$ 45,707	\$ 131,283

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, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	\$ 16,736	\$ 20,706
Current tax liabilities		
Income tax payable	\$ 32,627	\$ 83,388

(3) Deferred tax assets and liabilities

	December 31, 2023	December 31, 2022
Deferred tax assets		
Temporary differences	\$ 47,382	\$ 52,666
Deferred tax assets	\$ 47,382	\$ 52,666

(continued)

	December 31, 2023	December 31, 2022
Deferred tax liabilities		
Temporary differences	$ 21,844	$ 23,265
Deferred tax liabilities	$ 21,844	$ 23,265

(concluded)

(4) As of December 31, 2023, 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
260,191	2032
374,470	2033
$ 790,009	

(5) Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

28. Earnings per share

The calculation of earnings per share is disclosed as follows:

	2023			2022		
	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	$ 104,098	158,522	$ 0.66	$ 277,279	152,541	$ 1.82
Effect of potentially dilutive ordinary shares						
Convertible bonds	2,621	26,915		3,127	30,248	
Compensation of employees	-	549		-	1,268	
Restricted shares for employees	-	3,267		-	2,648	
Diluted earnings per share						
Net profit for the current period attributable to shareholders	$ 106,719	189,253	$ 0.56	$ 280,406	186,705	$ 1.50

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 shareholders’ meeting next year.

29. 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, donated, modified, 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) and 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 vested at no cost and cancel them.

As of December 31, 2023, information on restricted shares was as follows:

	December 31, 2023	December 31, 2022
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	4,452	5,000
Vested	(457)	(548)
Balance at December 31	3,995	4,452

Compensation costs recognized were $19,243 thousand and $31,775 thousand for the years ended December 31, 2023 and 2022, 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 thousand 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 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 share 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, 2023, there were 257 thousand 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 2023 and 2022, the information on employee share options was as follows:

Employee Share Options	2023 Number of Options (In Thousands of Units)	2023 Weighted-average Exercise Price ($)	2022 Number of Options (In Thousands of Units)	2022 Weighted-average Exercise Price ($)
Balance at January 1	298	$19.3	339	$19.3
Options exercised	(30)	19.3	(36)	19.3
Options expired	(11)	19.3	(5)	19.3
Balance at December 31	257	19.3	298	19.3
Options exercisable, end of the year	257	19.3	298	19.3

As of December 31, 2023 and 2022, 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 ($)	Number of Exercisable Options (In Thousands of Units)	Weighted-average Exercise Price ($)
2023	257	0.35	$ 19.3	257	$ 19.3
2022	298	1.35	$ 19.3	298	$ 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 $(1) thousand and $136 thousand for the years ended December 31, 2023 and 2022, respectively.

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

In 2023 and 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 thousand units in both years. Each unit is entitled to subscribe for one ordinary share at a subscription price of NT$10 per share, which is immediately vested. Insight Medical Solutions Inc. will make payment to the employees through the issuance of new shares.

Options granted on October 16, 2023 and 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%

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 working 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ -	$ 407	$ 407
Corporate bonds	6,731	-	-	6,731
Limited partnership	-	-	55,386	55,386
	$ 6,731	$ -	$ 55,793	$ 62,524
Financial assets at FVTOCI				
Investments in equity instruments				
- Foreign unlisted shares	$ -	$ -	$ 54,775	$ 54,775
- Domestic unlisted shares	-	-	32,856	32,856
	$ -	$ -	$ 87,631	$ 87,631

(continued)

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
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 1,366	$ 1,366

(concluded)

2) There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

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.

(continued)

Financial Instrument	Valuation Technique and Inputs
Limited partnership	Asset approach: Adjust the fair value by applying the valuation multiple of comparable companies at the end of period or measure its fair value by using asset-based approach.

(concluded)

(3) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortized cost	$ 3,461,543	$ 3,683,320
Financial assets at FVTPL - current	407	315
Financial assets at FVTPL - non-current	62,117	6,161
Financial assets at FVTOCI - non-current	87,631	91,861
Financial liabilities		
Financial liabilities at amortized cost	3,452,685	3,575,614
Financial liabilities at FVTPL - non-current	-	1,366

(4) Financial risk management objectives and policies

The Group’s major financial instruments include equity and debt investments, cash and cash equivalents, trade receivables, trade payables, other receivables, other payables, bonds payable and borrowings, etc. 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 more information on carrying amount of non-functional currency-denominated monetary assets and monetary liabilities of the Group on the balance sheet date, refer to Note 34. 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 pre-tax profit and loss will be a negative amount of the same value.

	USD Impact		JPY Impact		RMB Impact	
	2023	2022	2023	2022	2023	2022
Profit or loss	$ 8,561	$ 6,496	($ 343)	($ 228)	$ 898	$ 814

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, 2023	December 31, 2022
Cash flow interest rate risk		
Financial assets	$ 281,033	$ 254,514
Financial liabilities	1,022,086	880,230

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, 2023 and 2022 would increase by $7,411 thousand and $6,257 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 major 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 working 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 were as follows:

	December 31, 2023			
	Less than 1 Year	2 to 3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$1,519,066	$ -	$ -	$1,519,066
Lease liabilities	67,812	52,813	179,854	300,479
Variable interest rate liabilities	130,134	884,098	7,854	1,022,086
Fixed interest rate liabilities	911,533	-	-	911,533
	$2,628,545	$ 936,911	$ 187,708	$3,753,164

	Less than 3 Years	3 to 5 Years	5 to 10 Years	10+ Years
Lease liabilities	$ 120,625	$ 97,185	$ 46,521	$ 36,148

	December 31, 2022			
	Less than 1 Year	2 to 3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$1,590,347	$ -	$ -	$1,590,347
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	$ 673,300	$3,791,447

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

b) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank overdraft facilities:		
Amount used	$ 1,064,306	$ 810,877
Amount unused	1,972,745	2,202,963
	$ 3,037,051	$ 3,013,840
Secured bank overdraft facilities:		
Amount used	$ 536,153	$ 661,620
Amount unused	542,452	679,278
	$ 1,078,605	$ 1,340,898
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. 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
Guang Feng (Wuxi) Co., Ltd.	Associate accounted for using the equity method
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; they were completely sold on March 2023)
Kuo Wei-Wu	Chairman of the Company
Kuo Wei-Pin	Director of the Company

(2) Operating transactions

	2023	2022
Sales		
Associates	$ 165	$ -
Purchases		
Associates	$ 8,769	$ 19,571

(continued)

	2023	2022
Manufacturing expenses		
Associates	$ 11,026	$ 10,997
Operating expenses		
Associates	$ 3,415	$ 3,637
Interest income		
Associates		
Hunan Hexin Packaging Material Co., Ltd.	$ 346	$ 527
Other income		
Associates	$ 1,587	$ 1,643

(concluded)

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, 2023	December 31, 2022
Notes payable to related parties		
Associates		
Others	$ 40	$ 14
Other receivables (excluding capital loans)		
Associates		
Guang Feng (Wuxi) Co., Ltd.	$ 672	$ 685
Other payables		
Associates		
Others	$ -	$ 143

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

(4) Accommodation of funds

The capital loans and related parties of the Group in 2023 and 2022 were as follows:

Related Party Name	2023 Maximum Balance	2023 Balance at the End of Period	2022 Maximum Balance	2022 Balance at the End of Period
Associate - Hunan Hexin Packaging Material Co., Ltd.	$ 17,558	$ 12,765	$ 124,292	$ 13,885

(5) Endorsements and guarantees

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

Related Party Name	Nature of Endorsements	December 31, 2023	December 31, 2022
Key management personnel	Short-term borrowings	$ 655,775	$ 513,937
	Commercial paper payable	49,992	99,979
	Bonds payable	333,168	512,791
	Long-term borrowings	894,684	858,560
		$ 1,933,619	$ 1,985,267

(6) Remuneration of key management personnel

For the years ended December 31, 2023 and 2022, the remuneration of directors and key management personnel of the Group was as follows:

	2023	2022
Short-term employee benefits	$ 30,486	$ 37,137
Post-employment benefits	$ 648	$ 653

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 issuance of bank's acceptance bills, and guarantee for custom duty:

	December 31, 2023	December 31, 2022
Bank deposits	$ 288,634	$ 511,877
Property, plant and equipment	223,168	235,072
Right-of-use assets	4,566	4,806
	$ 516,368	$ 751,755

In addition, the Company pledged 10,000 thousand ordinary shares of its subsidiary, Optivision Technology Inc., as collateral for the issuance of convertible bonds; refer to Note 21 for more details.

34. Significant assets and liabilities denominated in foreign currencies

The Group's significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands of Foreign Currencies/New Taiwan Dollars

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets						
Monetary items						
USD	$ 38,718	30.705	$ 1,188,836	$ 32,899	30.71	$ 1,010,328
JPY	7,028	0.2172	1,526	3,185	0.2324	740
RMB	24,998	4.327	108,166	24,408	4.408	107,590
Long-term equity investments accounted for using the equity method						
USD	1,292	30.705	39,685	1,552	30.71	47,654
Financial Liabilities						
Monetary items						
USD	10,837	30.705	332,750	11,747	30.71	360,750
JPY	165,144	0.2172	35,869	101,180	0.2324	23,514
RMB	4,243	4.327	18,359	5,944	4.408	26,201

35. 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	None
6	Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital	None
7	Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 3
8	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 4
9	Trading in derivative instruments	None
10	Intercompany relationships and significant intercompany transactions	Table 7
11	Information on investees	Table 5

(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 6
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 resulting 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 6

(3) Information on 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 8)

36. Segment information

The Group manufactures and sells holographic 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 Terryda Packing Technology Co., Ltd.

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

－Zunyi Guangqun Laser Packaging 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:

The financial information of the Group’s relevant segments in 2023 and 2022 was as follows:

	2023				
	Mainland China	Asia Regions	Others	Adjustments and Write-offs	Total
Operating revenue	$ 3,723,363	$ 2,714,856	$ 919,300	($ 1,678,331)	$ 5,679,188
Operating costs	3,053,417	2,439,592	716,581	(1,739,395)	4,470,195
Gross profit	669,946	275,264	202,719	61,064	1,208,993
Operating expense	560,579	504,476	155,571	(8,095)	1,212,531
Operating income (loss)	109,367	(229,212)	47,148	69,159	(3,538)
Interest income	12,219	12,941	6,831	44	32,035
Interest expense	5,508	36,801	1,758	(475)	43,592
Other income (loss)	(5,066)	44,352	163,531	(225,308)	(22,491)
Net profit (loss) before tax	$ 111,012	($ 208,720)	$ 215,752	($ 155,630)	($ 37,586)

(continued)

	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	3,418,151	2,898,372	850,621	(1,901,996)	5,265,148
Gross profit	710,671	253,086	135,766	57,135	1,156,658
Operating expense	442,106	500,548	147,109	83,253	1,173,016
Operating income (loss)	268,565	(247,462)	(11,343)	(26,118)	(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)	125,064	213,852	486,202	(548,738)	276,380
Net profit (loss) before tax	$ 397,847	($ 53,263)	$ 472,827	($ 574,199)	$ 243,212

(concluded)

For the years ended December 31, 2023 and 2022, intragroup transactions had been eliminated on consolidation.

(2) Segment assets

	December 31, 2023				
	Mainland China	Asia Regions	Others	Adjustments and Write-offs	Total
Cash and cash equivalents	$ 898,450	$ 403,876	$ 201,009	$ -	$ 1,503,335
Notes and accounts receivable	1,334,062	673,845	119,799	(543,588)	1,584,118
Inventories	840,532	340,587	299,782	(95,282)	1,385,619
Other current assets	485,192	256,203	25,318	(261,866)	504,847
Total current assets	3,558,236	1,674,511	645,908	(900,736)	4,977,919
Funds and investments	266,247	3,993,297	5,863,288	(9,556,492)	566,340
Property, plant and equipment	734,587	866,240	65,390	33,403	1,699,619
Right-of-use assets	191,988	209,714	39,195	(33,055)	407,842
Intangible assets	3,056	3,238	-	72,209	78,503
Other assets	191,635	150,826	13,876	(96,542)	259,795
Total assets	$ 4,945,748	$ 6,897,826	$ 6,627,657	($10,481,213)	$ 7,990,018

	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	342,681	87,377	(47,949)	467,516
Total assets	$ 4,383,697	$ 7,224,698	$ 6,378,849	($ 9,851,134)	$ 8,136,110

(3) Information on major customers

For the years ended December 31, 2023 and 2022, no single customer contributing 10% or more to the Group's total revenue.

K Laser Technology Inc. and Subsidiaries

Financing Provided to Others

For the Year Ended December 31, 2023

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	$ 17,558 (RMB 3,950)	$ 13,197 (RMB 3,050)	$ 12,765 (RMB 2,950)	3%	2	$ -	Operating turnover	$ -	None	None	$ 498,680 (RMB115,248)	$ 498,680 (RMB115,248)	
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	Other receivables	Yes	56,251 (RMB 13,000)	56,251 (RMB 13,000)	54,953 (RMB 12,700)	3%	2	-	Operating turnover	-	None	None	498,680 (RMB115,248)	498,680 (RMB115,248)	

Note 1: The information on funds lent by the Group to others is grouped 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 Arabic number “1” in sequential order according to their company types.

Note 2: The information on funds lent by the Group to others is 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 lending funds 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 current net worth.

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

K Laser Technology Inc. and Subsidiaries

Marketable Securities Held

December 31, 2023

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, 2023				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	677,143	32,856	2	32,856	
	Corporate bond							
	HSBC Global Investment Funds - US Dollar Bond	None	Financial assets at FVTPL - non-current	-	6,731	-	6,731	
	Investment certificate							
Bright Triumph Limited	Dongguan City Guang Zhi Optoelectronic Co., Ltd.	None	Financial assets at FVTOCI - non-current	NA	54,775	7	54,775	
	Limited partnership							
K Laser Technology (Dongguan) Co., Ltd.	Jinjinghesheng (Xiamen) Venture Capital Fund Partnership enterprise (Limited partnership)	None	Financial assets at FVTPL - non-current	NA	55,386	11	55,386	

Note 1: For information related to investments in subsidiaries and associates, refer to Tables 5 and 6.

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, 2023

Table 3

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	($ 304,846)	28	Cash payment within 90 days	NA	NA	($ 117,115)	56	
The Company	K Laser Technology (USA) Co., Ltd.	Second-tier subsidiary that indirectly holds 79.75% of the shares	Sales	363,118	26	Cash payment within 90 days	NA	NA	96,062	36	
The Company	K Laser Technology Japan Co., Ltd.	Second-tier subsidiary that indirectly holds 70% of the shares	Sales	154,252	11	Cash payment within 90 days	NA	NA	37,683	14	
K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Sister company	Purchase	(RMB 39,849)	34	Cash payment within 60 days	NA	NA	(RMB 9,782)	21	
K Laser Technology (Dongguan) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Sister company	Purchase	(RMB 23,544)	13	Cash payment within 60 days	NA	NA	(RMB 10,316)	21	
Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary	Sales	207,648	33	Cash payment within 120 days	NA	NA	118,698	42	

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, 2023

Table 4

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		
K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology Inc.	Parent company	$ 117,115	3.01	$ -	-	$ 92,044	$ -
Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary	118,698	1.96	-	-	24,919	-

K Laser Technology Inc. and Subsidiaries

Information on investees

For the Year Ended December 31, 2023

Table 5

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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	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	$ 2,390,913	$ 92,005	$ 107,263	
〃	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment company	726,200	726,200	21,161,462	100	848,057	38,074	37,796	
〃	Optivision Technology Inc.	Hsinchu City	Manufacture and sales of optical instruments and electronic components, etc.	486,679	499,497	23,008,835	39	286,540	(298,604)	(132,190)	(Note 1)
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	97,372	97,372	157,545	49	3,777	(14,973)	(7,337)	
〃	Vicome Corp.	Yunlin County	Manufacture, processing and trading of fluorescent pigments and dyes	35,494	35,494	3,021,420	30	158,252	43,120	13,027	
〃	Insight Medical Solutions Inc.	Hsinchu City	R&D and sales of gastrointestinal endoscopy and other businesses	301,957	269,813	10,602,443	44	105,585	(70,361)	(32,056)	
〃	Guang Feng International Ltd.	Samoa	Reinvestment company	162,463	162,463	4,845,810	100	11,846	(3,541)	(3,541)	
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	USA	Sales of holographic products	USD 6,500	USD 6,500	6,500,000	80	USD 8,880	USD 68	USD 327	
〃	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of holographic products	USD 1,839	USD 1,839	9,337,984	83	USD 8,430	USD 386	USD 322	
〃	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacture and sales of holographic products	USD 2,946	USD 2,946	677,040	100	USD 2,260	USD 294	USD 294	
〃	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	Sales and agency of holographic products	USD 2,297	USD 2,297	-	100	USD 3,818	USD 106	USD 106	
〃	K Laser Technology Japan Co., Ltd.	Japan	Manufacture and sales of holographic products	USD 830	USD 830	1,344	70	USD 2,940	USD 449	USD 314	
〃	CIO Tech Ltd.	Cayman Islands	Reinvestment company	USD 750	USD 750	11,000,000	22	USD 461	(USD 248)	(USD 55)	
〃	Amagic Holographics India Private Limited	India	Manufacture and sales of holographic products	USD 2,508	USD 2,508	10,915,594	100	USD 288	(USD 36)	(USD 36)	
K Laser Technology (Thailand) Co., Ltd.	PT K Laser Technology Indonesia	Indonesia	Manufacture and sales of holographic products	THB 21,168	THB 21,168	266,000	70	THB 22,404	THB 401	THB 281	
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Cayman Islands	Reinvestment company	RMB 221,070	RMB 180,503	89,096,401	94	RMB 561,334	RMB 19,443	RMB 18,233	
K Laser China Group Holding Co., Limited	K Laser Technology (Hongkong) Co., Ltd.	Hongkong	Sales agent for holographic products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 8,185	RMB 2,276	RMB 2,276	
〃	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 112,440	RMB 112,440	30,000	100	RMB 268,474	(RMB 1,942)	(RMB 2,080)	
〃	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment company	RMB 173,364	RMB 130,106	50,000	100	RMB 320,710	RMB 21,392	RMB 20,995	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 20,825	RMB 20,825	163,975	51	RMB 908	(RMB 3,427)	(RMB 1,748)	

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Holomagic Co., Ltd.	Treasure Access Limited	Hongkong	Reinvestment company	RMB 69,243	RMB 69,243	10,000	100	RMB 266,246	(RMB 1,975)	(RMB 1,975)	
Top Band Investment Ltd.	Union Bloom Co., Ltd.	Hongkong	Reinvestment company	RMB 156,588	RMB 113,329	10,000	100	RMB 318,475	RMB 21,401	RMB 21,401	
iWin Technology Co., Ltd.	Finity Laboratories	USA	Research and development of holographic technology	USD 700	USD 700	700,000	100	USD -	(USD 478)	(USD 478)	(Note 2)
Optivision Technology Inc.	Bright Triumph Limited	Mauritius	Reinvestment company	242,173	242,173	7,913,767	100	137,487	(2,257)	(2,257)	

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

Note 2: Finity Laboratories had completed its liquidation in July 2023.

K Laser Technology Inc. and Subsidiaries

Information on investments in mainland China

For the Year Ended December 31, 2023

Table 6 — 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, and 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	$ 546,669 (RMB126,339)	By reinvesting in existing companies in third regions	$ 205,416 (USD 6,690)	$ -	$ -	$ 205,416 (USD 6,690)	94	($ 15,551) (RMB -3,594)	($ 14,582) (RMB, -3,370)	$ 565,712 (RMB130,740)	$ 229,071 (RMB52,940)
K Laser Technology (Dongguan) Co., Ltd.	Engaged in the production and sales of other polyethylene and rigid polyvinyl chloride films and foils	716,642 (RMB165,621)	By reinvesting in existing companies in third regions	63,222 (USD 2,059)	-	-	63,222 (USD 2,059)	94	119,088 (RMB27,522)	111,676 (RMB 25,809)	1,169,112 (RMB 270,190)	742,422 (RMB 171,579)
Hunan 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.	224,139 (RMB 51,800) (Note 1)	By reinvesting in existing companies in third regions	-	-	-	-	46	17,637 (RMB 4,076)	8,104 (RMB 1,873)	144,855 (RMB33,477)	41,483 (RMB 9,587)
Foshan Donglin Packaging Material Co., Ltd.	Production of cigarette packaging materials and extended products	- (Note 7)	By reinvesting in existing companies in third regions	-	-	-	-	-	9 (RMB 2)	- (RMB -)	-	-
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	80,482 (RMB 18,600) (Note 3)	By reinvesting in existing companies in third regions	-	-	-	-	46	(16,261) (RMB -3,758)	(11,358) (RMB -2,625)	198,311 (RMB45,831)	-
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Production of special film coating, decorative film and environmentally friendly transfer paper, etc.	475,970 (RMB110,000) (Note 2)	By reinvesting in existing companies in third regions	-	-	-	-	61	389 (RMB 90)	(1,151) (RMB -266)	349,695 (RMB80,817)	37,498 (RMB 8,666)

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						
Jiangyin Terryda Packing Technology Co., Ltd.	Production of special film coating, decorative film and environmentally friendly transfer paper, etc.	42,980 (RMB 9,933) （Note 2）	By reinvesting in existing companies in third regions	-	-	-	-	61	(5,534) (RMB -1,279)	(3,375) (RMB -780)	34,019 (RMB 7,862)	-
Guang Feng (Wuxi) Co., Ltd.	R & D and production of large liquid crystal projection displays and optical engines for displays, projection tubes, etc.	187,485 (RMB 43,329)	By reinvesting in existing companies in third regions	112,257 (USD 3,656)	-	-	112,257 (USD 3,656)	45	(13,111) (USD -427)	(5,895) (USD -192)	25,547 (USD 832)	-
Glory Group Medical (Wuxi) Co., Ltd.	R&D and sales of gastrointestinal endoscopy and other businesses	76,763 (USD 2,500)	Directly to the mainland China for investment	76,763 (USD 2,500)	-	-	76,763 (USD 2,500)	44	(11,784)	(5,185)	19,083	-
Ningbo Optivision Technology Co., Ltd.	Manufacture, processing and production of brightness enhancement film, diffusion film and optical film	145,693 (RMB 33,607)	By reinvesting in existing companies in third regions	161,447 (USD 5,258)			161,447 (USD 5,258)	44	(2,142) (USD -73)	(942) (USD -32)	33,708 (USD 1,098)	-
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	R&D and manufacturing of precision components	334,972 (RMB 74,500)	By reinvesting in existing companies in third regions	68,779 (USD 2,240)			68,779 (USD 2,240)	3	-	-	24,101 (USD 785)	-
K Laser Technology (Nanchang) Co., Ltd.	Engaged in the production and sales of other polyethylene and rigid polyvinyl chloride films and foils	187,182 (RMB 43,259) （Note 4）	By reinvesting in existing companies in third regions	-	-	-	-	94	(11,631) (RMB -2,688)	(10,904) (RMB -2,520)	164,625 (RMB 38,046)	-
Zunyi Guangqun Laser Packaging Technology Co., Ltd.	Mainly engaged in the production, processing and sales of wine packaging	86,540 (RMB 20,000)	By reinvesting in existing companies in third regions	-	-	-	-	85	(16,174) (RMB -3,738)	(13,812) (RMB -3,192)	60,098 (RMB 13,889)	-

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, 2023	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.	$380,896 (USD 12,405)	$2,496,746 (USD 81,314) (Note 5)	-
Optivision Technology Inc.	$230,226 (USD 7,498)	$262,712 (USD 8,556)	$395,689
Insight Medical Solutions Inc.	$76,763 (USD 2,500)	$76,763 (USD 2,500)	$80,000

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 RMB48,100 thousand made through third-party business.
Note 4: Including cash investments of US$6,000 thousand made through third-party business.
Note 5: Including reinvestment of earnings amounted to US$21,162 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.
Note 7: Foshan Donglin Packaging Material Co., Ltd. had completed its liquidation in October 2023.

3. Major transactions occurred directly or indirectly through third-party businesses with mainland China companies, refer to Table 3.
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 transactions affecting current income or financial status: None.

K Laser Technology Inc. and Subsidiaries

Intercompany relationships and significant intercompany transactions

For the Year Ended December 31, 2023

Table 7 Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

For the year ended December 31, 2023

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	$ 96,062	—	1
0	K Laser Technology Inc.	K Laser Technology Japan Co., Ltd.	Parent company to subsidiary	Trade receivable	37,683	—	-
0	K Laser Technology Inc.	K Laser Technology (Dongguan) Co., Ltd.	Parent company to subsidiary	Trade payable	117,115	—	1
0	K Laser Technology Inc.	K Laser Technology (Wuxi) Co., Ltd.	Parent company to subsidiary	Trade payable	25,717	—	-
0	K Laser Technology Inc.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Parent company to subsidiary	Trade payable	21,619	—	-
0	K Laser Technology Inc.	K Laser Technology (Dongguan) Co., Ltd.	Parent company to subsidiary	Purchase	304,846	—	5
0	K Laser Technology Inc.	K Laser Technology (Wuxi) Co., Ltd.	Parent company to subsidiary	Purchase	86,321	—	2
0	K Laser Technology Inc.	Treasure	Parent company to subsidiary	Purchase	52,896	—	1
0	K Laser Technology Inc.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Parent company to subsidiary	Purchase	85,094	—	1
0	K Laser Technology Inc.	K Laser Technology (USA) Co., Ltd.	Parent company to subsidiary	Sales	363,118	—	6
0	K Laser Technology Inc.	K Laser Technology Japan Co., Ltd.	Parent company to subsidiary	Sales	154,252	—	3
0	K Laser Technology Inc.	K Laser Technology (Thailand) Co., Ltd.	Parent company to subsidiary	Sales	11,544	—	-

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 (Dongguan) Co., Ltd.	Parent company to subsidiary	Sales	$ 11,092	—	-
1	Top Band	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 3,695	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	Amagic Technologies U.S.A. (Dubai) Ltd.	Subsidiary to subsidiary	Sales	RMB 7,577	—	1
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Wuxi) Co., Ltd.	Subsidiary to subsidiary	Trade receivable	RMB 6,027	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Wuxi) Co., Ltd.	Subsidiary to subsidiary	Sales	RMB 12,041	—	1
2	K Laser Technology (Dongguan) Co., Ltd.	Hunan Herui Laser Technology Co., Ltd.	Subsidiary to subsidiary	Sales	RMB 2,745	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Korea) Co., Ltd.	Subsidiary to subsidiary	Sales	RMB 5,116	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Wuxi) Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB 5,628	—	-
2	K Laser Technology (Dongguan) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Trade payable	RMB 10,317	—	1
2	K Laser Technology (Dongguan) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB 23,544	—	2
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	Subsidiary to subsidiary	Other receivable	RMB 12,712	—	1
3	K Laser Technology (Wuxi) Co., Ltd.	K Laser Technology (Hongkong) Co., Ltd.	Subsidiary to subsidiary	Trade receivable	RMB 3,392	—	-
3	K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Trade payable	RMB 9,782	—	1
3	K Laser Technology (Wuxi) Co., Ltd.	K Laser Technology (Hongkong) Co., Ltd.	Subsidiary to subsidiary	Sales	RMB 21,342	—	2

No	Company Name	Counterparty	Relationship	Transaction Status			
				Items	Amount	Transaction Terms	As a Percentage of Consolidated Total Revenue or Total Assets (%)
3	K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB 39,849	—	3
4	Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary to subsidiary	Trade receivable	118,698	—	1
4	Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary to subsidiary	Sales	207,648	—	4
5	Treasure	K Laser Technology (Dongguan) Co., Ltd.	Subsidiary to subsidiary	Purchase	RMB 8,689	—	1
5	Treasure	Hunan Herui Laser Technology Co., Ltd.	Subsidiary to subsidiary	Other receivable	RMB 3,839	—	-

Note 1: Information on transactions between the parent company and its subsidiaries is indicated in the "Number" column, and the numbering method is 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 types 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 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 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, 2023

Table 8

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kuo Wei-Wu	13,804,756	8.14%

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 trustor 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.

Stock Code: 2461

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

K Laser Technology Inc.

Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2023 and 2022

Address: No.1, Li-Hsin Road VI, Science-Based Industrial Park, Hsinchu, Taiwan
Tel: (03)577-0316

Independent Auditors' Report

The Board of Directors and Shareholders

K Laser Technology Inc.

Opinion

We have audited the accompanying financial statements of K Laser Technology Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of 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 Financial Statements section of our report. We are independent of the Company 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 financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Sales Revenue

The Company's operating revenue mainly comes from the manufacture of laser holographic films, laser anti-counterfeiting labels, laser papers and optical instruments. In 2023, the revenue derived from sales of optical instruments was significant and the authenticity of sales revenue had a significant impact on the financial statements; therefore, the above sales revenue was identified as a key audit matter.

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 shipping 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 certain investee companies included in the accompanying financial statements which were accounted for using the equity method, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for such investments, is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the aforementioned equity-method investments amounted to NT$310,900 thousand and NT$290,612 thousand, respectively, which accounted for 6.39% and 5.61% of the total assets, respectively. For the years ended December 31, 2023 and 2022, the share of profit from equity-method investments amounted to NT$26,328 thousand and NT$20,138 thousand, respectively, which accounted for 21.72% and 6.76% of the net profit before tax, respectively. Refer to Note 33 of the financial statements for relevant information on the abovementioned investee companies which we have not audited but were audited by other auditors.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Company 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 Company 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 Company.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 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 Company.

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 Company to continue as a going

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements for the year ended December 31, 2023 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: 1030024438	Securities and Futures Bureau Approval No: 0920123784

March 12, 2024

K Laser Technology Inc.
Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 161,851	3	$ 277,123	5
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	407	-	315	-
1150	Notes receivable (Notes 4 and 9)	7,313	-	9,075	-
1170	Trade receivables (Notes 4 and 9)	118,371	2	88,440	2
1180	Trade receivables from related parties (Notes 4, 9 and 29)	137,964	3	159,078	3
1200	Other receivables (Note 29)	45,556	1	40,569	1
1220	Current tax assets (Notes 4 and 24)	-	-	47	-
130X	Inventories (Notes 4 and 10)	105,270	2	103,977	2
1460	Non-current assets held for sale (Notes 4 and 11)	-	-	6,735	-
1470	Other current assets (Notes 6 and 17)	167,477	4	109,975	2
11XX	Total current assets	744,209	15	795,334	15
	Non-current assets				
1510	Financial assets at fair value through other profit or loss - non-current (Notes 4 and 7)	6,731	-	6,161	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	32,856	1	38,932	1
1550	Investments accounted for using the equity method (Notes 4 and 12)	3,804,969	78	3,849,887	74
1600	Property, plant and equipment (Notes 4, 13 and 29)	154,819	3	166,724	3
1755	Right-of-use assets (Notes 4 and 14)	58,837	1	63,658	1
1760	Investment properties, net (Notes 4 and 15)	33,403	1	35,311	1
1780	Other intangible assets (Notes 4 and 16)	1,684	-	1,315	-
1840	Deferred tax assets (Notes 4 and 24)	11,300	-	15,569	1
1990	Other non-current assets (Notes 6 and 17)	19,353	1	210,287	4
15XX	Total non-current assets	4,123,952	85	4,387,844	85
1XXX	Total assets	$ 4,868,161	100	$ 5,183,178	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 18)	$ 305,000	6	$ 390,000	7
2110	Short-term notes and bills payable (Note 18)	49,992	1	99,979	2
2170	Trade payables	44,831	1	81,099	2
2180	Trade payables to related parties (Note 29)	165,342	3	160,310	3
2200	Other payables (Notes 20 and 29)	68,183	2	81,503	2
2230	Current tax liabilities (Notes 4 and 24)	12,102	-	26,615	-
2280	Lease liabilities - current (Notes 4 and 14)	5,151	-	5,651	-
2321	Convertible bonds with maturity date of less than 1 year or 1 operating cycle (Notes 4 and 19)	333,168	7	-	-
2399	Other current liabilities	4,254	-	4,445	-
21XX	Total current liabilities	988,023	20	849,602	16
	Non-current liabilities				
2500	Financial liabilities measured at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	1,366	-
2530	Corporate bonds payable (Notes 4 and 19)	-	-	512,791	10
2540	Long-term borrowings (Note 18)	880,000	18	844,000	16
2635	Lease liabilities - non-current (Notes 4 and 14)	55,736	1	59,754	1
2640	Net defined benefit liabilities (Notes 4 and 21)	13,767	1	14,812	1
2670	Other liabilities	942	-	942	-
25XX	Total non-current liabilities	950,445	20	1,433,665	28
2XXX	Total liabilities	1,938,468	40	2,283,267	44
	Equity (Note 22)				
	Share capital				
3110	Ordinary shares	1,694,613	35	1,638,061	32
3200	Capital surplus	733,926	15	689,968	13
	Retained earnings				
3310	Legal reserve	290,349	6	277,305	5
3320	Special reserve	298,529	6	332,865	7
3350	Unappropriated earnings	275,960	6	379,209	7
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(328,068)	(7)	(272,403)	(5)
3420	Unrealized loss on financial assets at fair value through other comprehensive income	(13,761)	-	(26,184)	(1)
3490	Unearned employee benefits	(21,855)	(1)	(41,098)	(1)
3500	Treasury shares	-	-	(77,812)	(1)
3XXX	Total equity	2,929,693	60	2,899,911	56
	Total liabilities and equity	$ 4,868,161	100	$ 5,183,178	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 12, 2024)

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

K Laser Technology Inc.
Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Notes 4 and 29)	$ 1,414,333	100	$ 1,757,582	100
5110	Cost of goods sold (Notes 10 and 29)	1,175,526	83	1,456,911	83
5900	Gross profit	238,807	17	300,671	17
5910	Unrealized loss on sales transactions	(34,853)	(3)	(54,144)	(3)
5920	Realized gain on sales transactions	54,144	4	47,149	3
5950	Net gross profit	258,098	18	293,676	17
	Operating expenses (Notes 9 and 29)				
6100	Selling and marketing	66,419	5	63,767	4
6200	General and administrative	67,818	5	75,813	4
6300	Research and development	80,209	5	80,708	5
6450	Expected credit loss	140	-	238	-
6000	Total operating expenses	214,586	15	220,526	13
6900	Profit from operations	43,512	3	73,150	4
	Non-operating income and expenses				
7060	Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 13)	(17,039)	(1)	94,016	5
7100	Interest income (Note 29)	10,476	1	2,879	-
7130	Dividend income	978	-	-	-
7190	Other income (Note 29)	62,297	4	86,532	5
7210	Gain (loss) on disposal of property, plant and equipment	(92)	-	805	-
7225	Gain on disposal of investments	47,010	3	20,639	1

(continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
7230	Gain on foreign exchange	$ 11,617	1	$ 62,983	4
7235	Gain (loss) on financial assets (liabilities) at fair value through profit or loss	2,027	-	(3,988)	-
7510	Interest expense	(28,537)	(2)	(21,920)	(1)
7590	Miscellaneous expense	(11,008)	(1)	(11,958)	(1)
7670	Impairment loss	-	-	(5,150)	-
7000	Total non-operating income and expenses	77,729	5	224,838	13
7900	Profit before tax	121,241	8	297,988	17
7950	Income tax expense (Notes 4 and 24)	(17,143)	(1)	(20,709)	(1)
8200	Profit for the year	104,098	7	277,279	16
	Other comprehensive income (loss) (Note 21)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	1,136	-	5,343	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	12,678	1	3,462	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(55,747)	(4)	100,842	6
8300	Total other comprehensive income (loss)	(41,933)	(3)	109,647	6
8500	Total comprehensive income for the year	$ 62,165	4	$ 386,926	22
	Earnings per share (Note 25)				
	From continuing operations				
9710	Basic	$ 0.66		$ 1.82	
9810	Diluted	$ 0.56		$ 1.50	

(concluded)

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 12, 2024)

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

K Laser Technology Inc.
Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

				Retained Earnings			Other Equity				
Code		Ordinary Shares	Capital Surplus	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	Total Equity
A1	Balance at January 1, 2022	$ 1,659,694	$ 709,559	$ 249,257	$ 391,852	$ 294,763	($ 373,245)	($ 30,640)	($ 72,873)	($ 147,047)	$ 2,681,320
	Appropriation and distribution of earnings (Note 22)										
B1	Legal reserve	-	-	28,048	-	(28,048)	-	-	-	-	-
B3	Special reserve	-	-	-	(58,987)	58,987	-	-	-	-	-
B5	Cash dividends distributed by the Company ($1.2+$0.3)	-	-	-	-	(228,121)	-	-	-	-	(228,121)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	277,279	-	-	-	-	277,279
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	5,343	100,842	3,462	-	-	109,647
I1	Conversion of corporate bonds into ordinary shares (Notes 19 and 22)	24,317	18,853	-	-	-	-	-	-	-	43,170
L1	Buy-back of treasury shares (Note 22)	-	-	-	-	-	-	-	-	(7,482)	(7,482)
L3	Cancellation of treasury shares (Note 22)	(45,950)	(30,767)	-	-	-	-	-	-	76,717	-
M7	Changes in percentage of ownership interests in subsidiaries	-	(7,677)	-	-	-	-	-	21,925	-	14,248
N1	Issuance of restricted shares for employees (Note 26)	-	-	-	-	-	-	-	9,850	-	9,850
Q1	Disposal of equity instruments designated as at fair value through other comprehensive income (Note 22)	-	-	-	-	(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)	2,899,911
	Appropriation and distribution of earnings (Note 22)										
B1	Legal reserve	-	-	13,044	-	(13,044)	-	-	-	-	-
B3	Special reserve	-	-	-	(34,278)	34,278	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(230,030)	-	-	-	-	(230,030)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	104,098	-	-	-	-	104,098
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,136	(55,747)	12,678	-	-	(41,933)
L3	Cancellation of treasury shares (Note 22)	(60,000)	(17,812)	-	-	-	-	-	-	77,812	-
I1	Conversion of corporate bonds into ordinary shares (Notes 19 and 22)	116,552	66,350	-	-	-	-	-	-	-	182,902
M5	Difference between consideration received or paid and carrying amount of subsidiaries' net assets during actual acquisition or disposal	-	7,427	-	(58)	(113)	82	171	-	-	7,509
M7	Changes in percentage of ownership interests in subsidiaries	-	(12,007)	-	-	-	-	-	13,278	-	1,271
N1	Compensation cost of restricted shares for employees (Note 26)	-	-	-	-	-	-	-	5,965	-	5,965
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 22)	-	-	-	-	426	-	(426)	-	-	-
Z1	Balance at December 31, 2023	$ 1,694,613	$ 733,926	$ 290,349	$ 298,529	$ 275,960	($ 328,068)	($ 13,761)	($ 21,855)	$ -	$ 2,929,693

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 12, 2024)

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

K Laser Technology Inc.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flows from operating activities		
A10000	Profit before tax	$ 121,241	$ 297,988
A20010	Adjustments for:		
A20100	Depreciation expense	37,395	35,795
A20200	Amortization expense	345	369
A20300	Expected credit loss	140	238
A20400	Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	(2,027)	3,988
A20900	Interest expense	28,537	21,920
A21200	Interest income	(10,476)	(2,879)
A21300	Dividend income	(978)	-
A21900	Compensation cost of share-based payments	5,965	9,850
A22300	Share of (profit) loss of long-term investments accounted for using the equity method	17,039	(94,016)
A22500	Loss (gain) on disposal and write-down of property, plant and equipment	92	(805)
A23100	Gain on disposal of investments	(47,010)	(20,639)
A23800	Reversal of write-down of inventories	(3,742)	(5,829)
A23900	Unrealized loss on transactions with associates	34,853	54,144
A24000	Realized gain on transactions with associates	(54,114)	(47,149)
A23500	Impairment loss on financial assets	-	5,150
A29900	Gain on lease modification	-	(13)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	1,762	(437)
A31150	Trade receivables	(30,071)	(15,447)
A31160	Trade receivables from related parties	21,114	42,641
A31180	Other receivables	(4,987)	(37,301)
A31200	Inventories	2,449	(13,498)
A31240	Other current assets	(23,406)	972
A31990	Other non-current assets	(14,530)	(10,797)
A32150	Trade payables	(36,268)	31,752
A32160	Trade payables to related parties	5,032	(29,669)
A32180	Other payables	(13,374)	(11,281)
A32230	Other current liabilities	(191)	467
A32240	Net defined benefit liabilities - current	91	(3)

(continued)

Code		2023	2022
A33000	Cash generated from operations	$ 34,851	$ 215,511
A33100	Interest received	10,476	2,879
A33300	Interest paid	(9,506)	(7,398)
A33500	Income tax paid	(27,340)	(103)
AAAA	Net cash generated from operating activities	8,481	210,889
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(5,615)
B00020	Disposal of financial assets at fair value through other comprehensive income	6,007	2,006
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	11,228	3,000
B00100	Acquisition of financial assets at fair value through profit or loss	-	(6,818)
B02200	Net cash outflow on acquisition of subsidiaries	(32,144)	-
B02300	Net cash inflow on acquisition of subsidiaries	16,345	-
B02600	Proceeds from disposal of assets	53,745	36,714
B02700	Purchase of property, plant and equipment	(13,398)	(34,762)
B02800	Proceeds from disposal of property, plant and equipment	278	805
B03800	Decrease (increase) in refundable deposits	(4,112)	5,753
B04500	Purchase of intangible assets	(714)	-
B06600	Decrease in other financial assets	155,272	6,316
B07600	Dividends received	18,498	97,573
BBBB	Net cash generated from investing activities	211,005	104,972
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	(85,000)	(60,000)
C00600	Decrease in short-term bills payable	(50,000)	(60,000)
C01600	Proceeds from long-term borrowings	546,000	250,000
C01700	Repayments of long-term borrowings	(510,000)	(200,000)
C04200	Repayment of the principal portion of lease liabilities	(5,728)	(5,751)

(continued)

Code		2023	2022
C04500	Issuance of cash dividends	($ 230,030)	($ 228,121)
C04900	Payments for buy-back of treasury shares	-	(7,482)
CCCC	Net cash used in financing activities	(334,758)	(311,354)
EEEE	Net increase (decrease) in cash and cash equivalents in the current period	(115,272)	4,507
E00100	Cash and cash equivalents at the beginning of the year	277,123	272,616
E00200	Cash and cash equivalents at the end of the year	$ 161,851	$ 277,123

(concluded)

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

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

K Laser Technology Inc.

Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

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

2. Approval of financial statements

The financial statements were approved by the board of directors on March 12, 2024.

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)

Except as stated below, the application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company 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 needs not be disclosed;

- The Company 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 in 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 Company 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 Company 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 Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or

e) The accounting is complex and users of the financial statements would rely on the information to understand those material transactions, other events or conditions.

Refer to Note 4 for the disclosures of relevant accounting policies.

Amendments to IAS 8 “Definition of Accounting Estimates”

The Company has applied this amendment since January 1, 2023, which defines that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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.

(2) The IFRSs endorsed by the FSC with effective date starting 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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.

Note 3: Exemption from certain disclosure requirements when this amendment is applied for the first time.

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 Company 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 Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 Company shall disclose information that enables users of financial statements to understand the risk of the Company 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 Company'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 Company'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.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company assessed that the amendment of other standards and interpretations did not have material impact on the Company's financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. The Company recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. When the Company uses a non-functional currency as the presentation currency, the adjustment will affect the translation differences in equity of foreign operations on the date of initial application.

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 Company sells or contributes assets that constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company 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 Company 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

Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

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

4. Summary of material accounting policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The 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 that can be obtained on measurement date;
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.

When preparing the financial statements, the Company adopts the equity method to account for investments in subsidiaries. In order to ensure that the profit or loss, other comprehensive income, and equity for the current year in the financial statements are the same as those attributable to the owners of the Company in the consolidated financial statements, differences in certain accounting treatments between the parent company only basis and the consolidated basis are adjusted for investments accounted for using the equity method, share of equity in subsidiaries accounted for using the equity method, share of other comprehensive income in subsidiaries accounted for using the equity method, and related equity items.

(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) Foreign currencies

In preparing the 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 converted at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or conversion 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 converted at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the conversion of non-monetary items are included in profit or loss for the period except for exchange differences arising from the conversion 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 converted from the foreign currency on the date of transaction and will not be re-converted.

For the purpose of presenting 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 converted into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are converted at the exchange rates prevailing at the end of the reporting period; and income and expense items are converted at the average exchange rates for the period. The resulting currency conversion differences are recognized in other comprehensive income.

(5) 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 using the weighted-average cost method.

(6) Investments accounted for using the equity method

The Company adopts the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

When changes in ownership interests of a subsidiary do not result in a loss of control, the transaction is accounted for as an equity transaction. The difference between the carrying amount of the investment and the consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (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 Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business 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 Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

When assessing impairment, the Company considers the overall cash-generating unit in the financial statements and compares its recoverable amount with the carrying amount. Subsequently, if the recoverable amount of an asset increases, the reversal of impairment loss is recognized as income. However, the carrying amount of asset after the reversal of impairment loss shall not exceed the carrying amount of asset before recognizing the impairment loss, less the accumulated amortization. Impairment losses attributable to goodwill cannot be reversed in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

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

The Company 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 Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the share of the equity of associates based on shareholding ratio.

Any excess of the cost of acquisition over the Company’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 Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately as income for the current period.

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 Company’s proportionate interest in the associate. The Company 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 Company’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 Company’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 Company’s net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company 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 Company 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 Company 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 Company continues to apply the equity method and does not remeasure the retained interest.

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

(7) 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. The Company 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.

(8) Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

(9) 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 over their useful lives. 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.

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

At the end of each reporting period, the Company 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. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 or cash-generating unit in prior years (less amortization and depreciation). A reversal of an impairment loss is recognized in profit or loss.

(11) 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.

(12) Financial instruments

Financial assets and financial liabilities are recognized when the Company 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. Fair value is determined in the manner described in Note 28.

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

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company 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 Company 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 Company considers the following situations as indication that a financial asset is in default ((without taking into account any collateral held):

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

ii. Financial asset is past due unless the Company 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 Company 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 Company 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 Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company'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 Company'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 Company 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.

(13) 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 of obligations.

(14) Revenue recognition

The Company 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 holographic products and optical instruments. 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 bears the risk of obsolescence, and the performance obligation is satisfied.

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

(15) Leases

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

1. The Company 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 Company 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 Company, 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 Company as lessee

The Company 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 subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities Right-of-use assets are presented on a separate line in the 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, amount expected to be paid by the lessee under residual value guarantee, the exercise price of a purchase option if the Company 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, residual value of guarantees, purchase options for leased assets, or indices or rates used to determine lease payments result in changes in future lease payments, the Company 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 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.

(16) Borrowing costs

Borrowing costs directly attributable to an acquisition 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.

(17) 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 prior 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, changes in asset ceiling 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 in subsequent periods.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company’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.

(18) 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 Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding adjustment 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 adjustment in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company 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.

The restricted shares granted by the Company to employees of subsidiaries in the form of equity instruments are considered as a capital injection into the subsidiary, which are measured based on the fair value of the equity instruments on the grant date and recognized as an increase in the carrying amount of investments in subsidiaries during the vesting period, with corresponding adjustments to other equity (unearned employee benefits).

(19) Treasury shares

When the Company 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.

The Company’s shares held by subsidiaries are treated as treasury shares.

(20) 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 in their meeting 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 Company 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 the carrying amount is increased 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 Company 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. Material accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions based on historical experience and other relevant factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The Company considers the possible impact of cash flows, growth rates, discount rates, profitability, etc. when making its material accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the management.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 5,822	$ 8,084
Bank checks and demand deposits	112,731	269,039
Cash equivalents		
Time deposits	43,298	-
	$ 161,851	$ 277,123

(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, 2023	December 31, 2022
Demand deposits	0.001%-1.45%	0.001%-1.05%
Time deposits	5.00%-5.65%	-

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

	December 31, 2023	December 31, 2022
Other current assets (Note 17)		
Guarantee deposits for issuance of corporate bonds	$120,000	$ -
Bank's short-term loan guarantee	5,220	95,527
Guarantee deposits for research and development grant program	4,403	-
	$129,623	$ 95,527
Other non-current assets (Note 17)		
Guarantee deposits for land lease of Hsinchu Science Park	$ 5,000	$ 5,000
Guarantee deposits for issuance of corporate bonds	-	189,368
	$ 5,000	$194,368

7. Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at FVTPL		
Derivatives (not under hedge accounting)		
Redemption right of convertible bonds (Note 19)	$ 407	$ 315
Hybrid financial assets		
Corporate bonds	6,731	6,161
Financial assets at FVTPL	$ 7,138	$ 6,476
Current	$ 407	$ 315
Non-current	6,731	6,161
	$ 7,138	$ 6,476

(continued)

	December 31, 2023	December 31, 2022
Financial liabilities held for trading - non-current		
Derivatives (not under hedge accounting)		
Convertible option of corporate bonds (Note 19)	$ -	$ 1,366

(concluded)

8. Financial assets at fair value through other comprehensive income

Investments in equity instruments - non-current

	December 31, 2023	December 31, 2022
Domestic investments - unlisted shares		
CDIB Capital Healthcare Ventures Corporation	$ 32,856	$ 33,317
Foreign investments - unlisted shares		
FOODFAB GROUP LIMITED	-	5,615
	$ 32,856	$ 38,932

These investments in equity instruments are held for medium to long-term strategic purposes and the Company expects to make profit in the long term. 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 Company's strategy of holding these investments for long-term purposes.

9. Notes receivable and trade receivables

	December 31, 2023	December 31, 2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 7,313	$ 9,075
Trade receivables		
At amortized cost		
Gross carrying amount	$ 122,270	$ 93,186
Less: loss allowance	(3,899)	(4,746)
	$ 118,371	$ 88,440

(continued)

	December 31, 2023	December 31, 2022
Trade receivables from related parties (Note 29)		
At amortized cost		
Gross carrying amount	$ 137,964	$ 159,078
Less: loss allowance	-	-
	$ 137,964	$ 159,078

(concluded)

(1) Notes receivable

As of December 31, 2023 and 2022, the Company’s notes receivable were not overdue.

(2) Trade receivables

The average credit period on sales of goods is 60 to 90 days after month-end close. No interest was charged on accounts receivable. The Company continues to monitor its exposure and credit ratings of counterparties. In order to minimize credit risk, the management of the Company 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 Company 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 Company’s credit risk was significantly reduced.

The Company’s historical experience of credit losses shows that the assessment of expected losses varies in different regions and also differs for customers in different industries. Therefore, the provision matrix applies different expected credit loss rates based on different regions, industries, and the number of days overdue/terms of accounts receivable.

The Company 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 Company 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 provision matrix:

	December 31, 2023	December 31, 2022
Not overdue	$ 257,890	$ 249,930
1 to 60 days	1,793	1,403
61 to 90 days	54	-
91 to 180 days	489	30
181 to 360 days	8	-
Over 361 days	-	901
Total	$ 260,234	$ 252,264

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

	2023	2022
Balance at January 1	$ 4,746	$ 39,820
Add: Provision for expected credit loss	140	238
Less: Amounts written off	(987)	(35,312)
Balance at December 31	$ 3,899	$ 4,746

In January 2022, the Company 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 thousand shares of Boxlight Corporation and recorded it as non-current assets held for sale.

10. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 23,457	$ 20,144
Work in process	2,556	1,832
Raw materials	52,532	53,329
Merchandise	26,725	28,672
	$ 105,270	$ 103,977

Details of cost of goods sold are as follows:

	2023	2022
Cost of inventory sold	$ 1,179,268	$ 1,462,740
Reversal of loss from inventory write-down and obsolescence	(3,742)	(5,829)
	$ 1,175,526	$ 1,456,911

11. Non-current assets held for sale

	December 31, 2023	December 31, 2022
Boxlight Corporation	$ -	$ 6,735

The Company 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 on a separate line in the balance sheets.

In 2022, the Company 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 recognized under impairment loss. As of December 31, 2022, the fair value of equity held by the Company and its subsidiaries was $6,747 thousand.

12. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries	$ 3,646,717	$ 3,696,585
Investments in associates	158,252	153,302
	$ 3,804,969	$ 3,849,887

(1) Investments in subsidiaries

The Company's subsidiaries are as follows:

			December 31, 2023		December 31, 2022	
Name of Subsidiary	Nature of Activities	Principal Place of Business	Carrying Amount	Proportion of Ownership (%)	Carrying Amount	Proportion of Ownership (%)
Listed company						
Optivision Technology Inc. (Note 1)	Manufacture and sales of optical instruments and electronic components, etc.	Hsinchu City	$ 286,540	44	$ 426,157	45
Non-listed company						
K Laser China Group Co., Ltd.	Reinvestment business	British Virgin Islands	2,390,913	100	2,317,263	100
K Laser International Co., Ltd.	Reinvestment business	British Virgin Islands	848,057	100	810,426	100
iWin Technology Co., Ltd.	Reinvestment business	British Virgin Islands	3,777	49	10,963	49
Insight Medical Solutions Inc.	R&D and sales of gastrointestinal endoscopy and other businesses	Hsinchu City	105,584	44	116,175	41
Guang Feng International Ltd.	Reinvestment company	Samoa	11,846	100	15,601	100
			$3,646,717		$3,696,585	

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

The market value information of the equity investments in OTC company accounted for using the equity method as of the balance sheet date based on the closing price of shares is as follows:

Name of Company	December 31, 2023	December 31, 2022
Optivision Technology Inc.	$ 601,681	$ 458,128

1) K Laser International Co., Ltd. was established in October 2000 in the British Virgin Islands and is a wholly-owned subsidiary of the Company. In 2022, the Company increased its capital contribution to K Laser International Co., Ltd. by US$800 thousand. As of December 31, 2023 and 2022, the Company's cumulative investment amount in K Laser International Co., Ltd. was US$20,341 thousand. The business of K Laser International Co., Ltd. mainly involves investment and the Company indirectly invests in overseas regions such as America and Asia through K Laser International Co., Ltd., which mainly engaged in the production, sales, and investment of holographic products, fiber optic communication components, and related businesses.

2) K Laser China Group Co., Ltd. was established in October 2000 in the British Virgin Islands and is a wholly-owned subsidiary of the Company. As of December 31, 2023 and 2022, the Company's cumulative investment amount in K Laser China Group Co., Ltd. was US$21,289 thousand, with a shareholding ratio of 100%. The business of K Laser China Group Co., Ltd. mainly involves investment and the Company indirectly invests in mainland China companies through K Laser China Group Co., Ltd, which mainly engaged in the production and sales of laser technology products. The aforementioned indirect investments in mainland China had been approved by the Investment Review Committee of the Ministry of Economic Affairs.

(2) Investments in associates

The Company's associates are as follows:

			December 31, 2023		December 31, 2022	
Name of Subsidiary	Nature of Activities	Principal Place of Business	Carrying Amount	Proportion of Ownership (%)	Carrying Amount	Proportion of Ownership (%)
Vicome Corp.	Manufacture, processing and trading of fluorescent pigments and dyes	Yunlin County	$ 158,252	30	$ 153,302	30

Information on the Company's associates is as follows:

	December 31, 2023	December 31, 2022
Total assets	$ 677,034	$ 645,625
Total liabilities	$ 153,185	$ 138,168

	2023	2022
Operating revenue	$ 145,738	$ 136,506
Net profit	$ 431,120	$ 56,219
Other comprehensive income (loss)	($ 4,729)	$ 14,616

The Company's share of profit or loss and other comprehensive income or loss accounted for using the equity method in 2023 and 2022 were recognized based on the audited financial statements of the associates for the same periods.

The investment gains and losses from long-term equity investments are recognized by using the equity method. We did not audit the financial statements of Vicome Corp., Amagic Technologies U.S.A. (Dubai) and K Laser Technology (Hongkong) Co., Ltd. for the years ended December 31, 2023 and 2022, but such statements were audited by other auditors. As of December 31, 2023 and 2022, the amounts of equity-method investments were NT$310,900 thousand and NT$290,612 thousand, respectively. The share of profit of associates accounted by using the equity method for the years ended December 31, 2023 and 2022 amounted to NT$26,328 thousand and NT$20,138 thousand, respectively.

13. Property, plant and equipment

	December 31, 2023	December 31, 2022
Buildings	$ 87,922	$ 92,779
Machinery equipment	14,284	13,847
Other equipment	52,613	60,098
	$ 154,819	$ 166,724

	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
Cost					
Balance at January 1, 2023	$ 342,135	$ 154,934	$ 178,105	$ -	$ 675,174
Additions	1,656	7,022	9,242	-	17,920
Disposals	-	(455)	(2,682)	-	(3,137)
Reclassification	1,163	-	-	-	1,163
Balance at December 31, 2023	$ 344,954	$ 161,501	$ 184,665	$ -	$ 691,120
Accumulated depreciation and impairment					
Balance at January 1, 2023	$ 249,356	$ 141,087	$ 118,007	$ -	$ 508,450
Depreciation expenses	7,158	6,273	16,669	-	30,100
Disposals	-	(143)	(2,624)	-	(2,767)
Reclassification	518	-	-	-	518
Balance at December 31, 2023	$ 257,032	$ 147,217	$ 132,052	$ -	$ 536,301
Carrying amount at December 31, 2023	$ 87,922	$ 14,284	$ 52,613	$ -	$ 154,819
Cost					
Balance at January 1, 2022	$ 339,609	$ 152,110	$ 163,607	$ 501	$ 655,827
Additions	2,025	2,824	24,539	-	29,388
Disposals	-	-	(10,041)	-	(10,041)
Reclassification	501	-	-	(501)	-
Balance at December 31, 2022	$ 342,135	$ 154,934	$ 178,105	$ -	$ 675,174

(continued)

	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
Accumulated depreciation and impairment					
Balance at January 1, 2022	$ 242,267	$ 133,767	$ 114,081	$ -	$ 490,115
Depreciation expenses	7,089	7,320	13,967	-	28,376
Disposals	-	-	(10,041)	-	(10,041)
Reclassification	-	-	-	-	-
Balance at December 31, 2022	$ 249,356	$ 141,087	$ 118,007	$ -	$ 508,450
Carrying amount at December 31, 2022	$ 92,779	$ 13,847	$ 60,098	$ -	$ 166,724

(concluded)

(1) The 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	3 to 11 years

(2) On December 31, 2023 and 2022, the following property, plant and equipment, and investment properties were pledged to banks as guarantee for loans:

	December 31, 2023	December 31, 2022
Housing and construction	$ 87,922	$ 92,779
Investment properties	33,403	35,311
	$ 121,325	$ 128,090

14. Lease arrangements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Land	$ 56,590	$ 60,632
Buildings	-	543
Transportation equipment	2,247	2,483
	$ 58,837	$ 63,658

	2023	2022
Additions to right-of-use assets	$ 1,211	$ -
Depreciation charge for right-of-use assets		
Land	$ 4,042	$ 4,042
Buildings	543	657
Transportation equipment	1,447	1,441
	$ 6,032	$ 6,140

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount		
Current	$ 5,151	$ 5,651
Non-current	$ 55,736	$ 59,754

Range of discount rate for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Land	1.55%	1.55%
Buildings	-	1.5%
Transportation equipment	1.5%-2.03%	1.5%-1.83%

(3) Other lease information

	2023	2022
Expenses relating to low-value asset leases	$ 189	$ 188
Total cash outflow for leases	$ 5,917	$ 7,011

The Company 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.

15. Investment properties

	December 31, 2023	December 31, 2022
Investment properties	$ 33,403	$ 35,311

	2023	2022
Cost		
Balance at January 1	$ 130,902	$ 130,902
Reclassification	(1,163)	-
Balance at December 31	$ 129,739	$ 130,902

	December 31, 2023	December 31, 2022
Accumulated depreciation and impairment		
Balance at January 1	$ 95,591	$ 94,312
Depreciation expenses	1,263	1,279
Reclassification	(518)	-
Balance at December 31	$ 96,336	$ 95,591

The abovementioned investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Housing and construction	50 years
Ancillary equipment	10 years

The fair values of investment properties of $88,874 thousand and $92,130 thousand on December 31, 2023 and 2022, respectively, were based on the valuation of appraisal reports.

16. Other intangible assets

	December 31, 2023	December 31, 2022
Carrying amount		
Computer software	$ 1,684	$ 1,315

	2023	2022
Cost		
Balance at January 1	$ 4,772	$ 4,798
Additions	714	-
Disposals	(530)	(26)
Balance at December 31	$ 4,956	$ 4,772
Accumulated amortization and impairment		
Balance at January 1	$ 3,457	$ 3,114
Amortization expenses	345	369
Disposals	(530)	(26)
Balance at December 31	$ 3,272	$ 3,457

The above intangible assets are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

17. Other assets

	December 31, 2023	December 31, 2022
Residual income tax	$ 430	$ 2,091
Prepaid expenses	37,424	12,357
Prepayments for equipment	837	5,321
Refundable deposits	12,768	8,656
Restricted assets (Note 6)	134,623	289,895
Others	748	1,942
	$ 186,830	$ 320,262
Current	$ 167,477	$ 109,975
Non-current	19,353	210,287
	$ 186,830	$ 320,262

18. Borrowings

(1) Short-term borrowings

	December 31, 2023		December 31, 2022	
	Interest Rate	Amount	Interest Rate	Amount
Line of credit borrowings	1.8%-1.85%	$ 305,000	1.41%-1.82%	$ 320,000
Bank secured loans (Note 30)	-	-	1.67%	70,000
		$ 305,000		$ 390,000

On December 31, 2023 and 2022, credit loans from banks were jointly guaranteed by Mr. Kuo Wei-Wu, who is the chairman of the Company, and the loans from banks were secured by bank deposits; refer to Note 30.

(2) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial papers	$ 50,000	$ 100,000
Less: Discounts on short-term bills payable	(8)	(21)
	$ 49,992	$ 99,979

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Finance Corporation	$ 50,000	$ 8	$ 49,992	1.828%

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	

On December 31, 2023 and 2022, the short-term bills payable were jointly guaranteed by Mr. Kuo Wei-Wu, who is the chairman of the Company.

(3) Long-term borrowings

	December 31, 2023		December 31, 2022	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
<u>Secured loans</u>				
Hua Nan Commercial Bank				
Mortgage loan, interest is paid monthly from September 2021 to September 2023 and principal is paid upon maturity, 2 years extension of repayment period from September 2022 and October 2023, expiration date is October 2025. Portion of the loan was repaid in September 2023.	1.82	$ 480,000	1.53	$ 494,000
O-Bank				
Mortgage loan, interest is paid monthly from October 2022 to November 2024 and principal is paid upon maturity. It was fully repaid in May 2023.	-	-	1.85	50,000
<u>Unsecured loans</u>				
Mega Bank				
Credit loan, interest is paid monthly from December 2023 to November 2025 and principal is paid upon maturity.	1.90	30,000	-	-
Far Eastern Bank				
Credit loan, interest is paid monthly from March 2023 to November 2025 and principal is paid upon maturity.	1.98	20,000	-	-
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 November 2021, November 2022 and November 2023, expiration date is November 2025. Portion of the loan was repaid in September 2023.	1.89	120,000	1.77	150,000
KGI Bank				
Credit loan, interest is paid monthly from September 2023 to June 2025 and principal is paid upon maturity.	1.98	50,000	-	-
Yuanta Commercial Bank				
Credit loan, interest is paid monthly from August 2023 to July 2025 and principal is paid in full upon maturity.	1.86-1.9	80,000	-	-
Shin Kong Bank				
Credit loan, interest is paid monthly from December 2023 to November 2025 and principal is paid upon maturity.	1.86	100,000	-	-

(continued)

	December 31, 2023		December 31, 2022	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
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. It was fully repaid in February 2023.	-	$ -	1.78	$ 50,000
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. It was fully repaid in April 2023.	-	-	1.77	50,000
O-Bank				
Credit loan, interest is paid monthly from November 2021 to November 2023 and principal is paid upon maturity, 2 years extension of repayment period from 2022, expiration date is November 2024. It was fully repaid in February 2023.	-	-	1.81	50,000
		$ 880,000		$ 844,000

(concluded)

The abovementioned long-term loans were jointly guaranteed by Mr. Kuo Wei-Wu, the chairman of the Company. The loans from Hua Nan Commercial Bank were secured by property, plant and equipment, and investment properties.

The loans from Cathay United Bank, CTBC Bank and KGI Bank are subject to specific financial ratios during the loan period as follows:

1. Current ratio (the ratio of current assets to current liabilities) should not be less than 100%.
2. Debt ratio (the ratio of total liabilities excluding cash and cash equivalents to tangible net worth) should not be higher than 100% to 150%.
3. Interest coverage ratio (the ratio of sum of pre-tax net income plus interest expense, depreciation and amortization to interest expense) should not be less than 300%.
4. Tangible net worth must not be less than NT$2,600,000 thousand.

19. Bonds payable

	December 31, 2023	December 31, 2022
Liability component of the 6th domestic convertible bonds	$ 333,168	$ 512,791
Less: Long-term liabilities due within 1 year	(333,168)	-
	$ -	$ 512,791

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 details 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: $120,000 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 regulations. As of December 31, 2023, the conversion price was NT$15.8 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	(255,223)
Interest charged at an effective rate of 0.75%	10,551
Liability component at December 31, 2023	$ 333,168

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, 2022	$ 552,053	$ 3,134	($ 855)
Interest expense	3,908	-	-
Change in fair value (gain or loss)	-	(2,819)	(511)
Corporate bonds converted into ordinary shares	(43,170)	-	-
Balance at December 31, 2022	512,791	315	(1,366)
Interest expense	3,278	-	-
Change in fair value (gain or loss)	-	92	1,366
Convertible bonds converted into ordinary shares	(182,901)	-	-
Balance at December 31, 2023	$ 333,168	$ 407	$ -

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, 29 and 30 for more details.

The aforementioned contract stipulates that the Company and its subsidiaries shall maintain specific financial ratios during the duration of loan as follows:

1. Current ratio (the ratio of current assets to current liabilities) should not be less than 100%.
2. Debt ratio (the ratio of total liabilities excluding cash and cash equivalents to tangible net worth) should not be higher than 100%.
3. Interest coverage ratio (the ratio of sum of pre-tax net income plus interest expense, depreciation and amortization to interest expense) should not be less than 300%.
4. Tangible net worth must not be less than NT$2,600,000 thousand.

20. Other payables

	December 31, 2023	December 31, 2022
Payables for salaries	$ 18,815	$ 18,843
Payables for interests	717	701
Payables for employees' compensation and directors' remuneration	12,727	24,161
Payables for labor fee	4,420	2,219
Payables for purchase of equipment	928	890
Payables for processing fee	3,291	2,990
Others	27,285	31,699
	$ 68,183	$ 81,503

21. Retirement benefit plans

(1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

As of December 31, 2023 and 2022, the Company recognized total expenses of $5,485 thousand and $5,308 thousand, respectively, in the 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 balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 41,786	$ 43,478
Fair value of plan assets	(28,019)	(28,666)
Net defined benefit liabilities	$ 13,767	$ 14,812

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, 2022	$ 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

(continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	$ 381	$ -	$ 381
Interest expense (income)	598	(397)	201
Recognized in profit or loss	979	(397)	582
Remeasurement			
Return on plan assets	-	(80)	(80)
Actuarial loss - change in financial assumptions	399	-	399
Actuarial loss - experience adjustments	(1,455)	-	(1,455)
Recognized in other comprehensive income	(1,056)	(80)	(1,136)
Contributions from employer	-	(491)	(491)
Benefits paid	(1,615)	1,615	-
Balance at December 31, 2023	$ 41,786	($ 28,019)	$ 13,767

(concluded)

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

	2023	2022
Summary by function		
Operating costs	$ 222	$ 219
Selling and marketing expenses	106	93
General and administrative expenses	181	203
Research and development expenses	73	81
	$ 582	$ 596

Through the defined benefit plans under the Labor Standards Act, the Company 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 of government bonds 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, 2023	December 31, 2022
Discount rate	1.25%	1.375%
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, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 791)	($ 888)
0.25% decrease	$ 819	$ 920
Expected rate of salary increase		
0.25% increase	$ 801	$ 900
0.25% decrease	($ 777)	($ 873)

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, 2023	December 31, 2022
Expected contributions to the plans for the next year	$ 534	$ 554
Average duration of the defined benefit obligation	8.33 years	10.10 years

22. Equity

(1) Share capital

Ordinary shares

	December 31, 2023	December 31, 2022
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)	169,461	163,806
Amount of issued shares	$ 1,694,613	$ 1,638,061

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, 2023	163,806	$ 1,638,061
Conversion of bonds	11,655	116,552
Cancellation of treasury shares	(6,000)	(60,000)
Balance at December 31, 2023	169,461	$ 1,694,613
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

As of the issuance date of the financial statements, a total of 158 thousand bondholders of the abovementioned corporate bonds have exercised their conversion rights in 2023 but not yet completed registration of change.

(2) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premium	$ 541,273	$ 481,679
Treasury share transactions	10,251	10,420
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	91,331	93,210

(continued)

	December 31, 2023	December 31, 2022
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	$ 51,583	$ 54,283
May not be used for any purpose		
Share options	11,451	17,759
Employee restricted shares	28,037	32,617
	$ 733,926	$ 689,968

(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 23.

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 2022 and 2021 were resolved by the Company's board of directors, as follows:

	2022Q4	2022Q2	2021Q4	2021Q2
Date of resolution	March 23, 2023	August 5, 2022	March 24, 2022	August 10, 2021
Legal reserve	$ 13,044	$ 15,119	$ 12,929	$ 23,321
Special reserve	($ 34,278)	$ 3,410	($ 62,397)	$ 74,430
Cash dividends	$ 230,030	$ 46,006	$ 182,115	$ 81,124
Cash dividends per share	$ 1.50	$ 0.30	$ 1.20	$ 0.54

The above appropriations of earnings for 2022 and 2021 were resolved by the Company's shareholders in their meetings on May 5, 2023 and May 27, 2022, respectively.

The appropriations of earnings and cash dividends per share for 2023 were resolved by the Company's board of directors, as follows:

	2023Q4
Date of resolution	March 12, 2024
Legal reserve	$ 10,555
Special reserve	($ 43,300)
Cash dividends	$ 110,131
Cash dividends per share	$ 0.66

The remaining appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 24, 2024.

(4) Other equity items

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

	2023	2022
Balance at January 1	($ 272,403)	($ 373,245)
Exchange differences on the translation of net assets of foreign operations	(55,747)	100,842
Disposal of partial interests in subsidiaries	82	-
Balance at December 31	($ 328,068)	($ 272,403)

The exchange differences arising from the conversion of the net assets of foreign operations from their functional currency to the reporting currency of the Company (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 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

	2023	2022
Balance at January 1	($ 26,184)	($ 30,640)
Unrealized valuation gains on equity investments measured at fair value through other comprehensive income	11,159	9,591
Share of other comprehensive income and loss of equity-method associates	1,519	(6,129)
Disposal of partial interests in subsidiaries	171	-
Transfer of accumulated gain and loss from disposal of equity investments to retained earnings	(426)	994
Balance at December 31	($ 13,761)	($ 26,184)

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 26).

	2023	2022
Balance at January 1	($ 41,098)	($ 72,873)
Issuance of shares	-	-
Change in ownership interest of subsidiaries	13,278	21,925
Share-based payment expenses recognized	5,965	9,850
Balance at December 31	($ 21,855)	($ 41,098)

(5) Treasury shares

1) The changes in treasury shares are as follows:

Unit: In New Taiwan Dollars

2023

Reason	Number of shares on January 1	Increase	Decrease	Number of shares on December 31
Transfer of shares to employees	4,500,000	-	(4,500,000)	-
Maintain the Company's credibility and shareholders' rights	1,500,000	-	1,500,000	-
	6,000,000	-	(6,000,000)	-

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
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

2) 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.

23. Net profit from continuing operations

Employee benefits expense, depreciation and amortization expenses

	2023			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	$ 41,805	$ 92,988	$ -	$ 134,793
Post-employment benefits	$ 2,168	$ 3,015	$ -	$ 5,183
Termination benefits	$ 1	$ 639	$ -	$ 640
Other employee benefits	$ 859	$ 1,048	$ -	$ 1,907
Depreciation expenses				
Property, plant and equipment	$ 10,118	$ 19,982	$ -	$ 30,100
Right-of-use assets	1,610	3,212	1,210	6,032
Investment properties	-	-	1,263	1,263
	$ 11,728	$ 23,194	$ 2,473	$ 37,395
Amortization expenses	$ -	$ 345	$ -	$ 345

	2022			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	$ 42,091	$ 109,533	$ -	$ 151,624
Post-employment benefits	$ 2,132	$ 3,772	$ -	$ 5,904
Termination benefits	$ 111	$ 19	$ -	$ 130
Other employee benefits	$ 1,013	$ 1,191	$ -	$ 2,204
Depreciation expenses				
Property, plant and equipment	$ 11,809	$ 16,567	$ -	$ 28,376
Right-of-use assets	1,591	3,210	1,339	6,140
Investment properties	-	-	1,279	1,279
	$ 13,400	$ 19,777	$ 2,618	$ 35,795
Amortization expenses	$ -	$ 369	$ -	$ 369

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, 2023 and 2022 were approved by the board of directors on March 12, 2024 and March 23, 2023, respectively, as follows:

Estimated rate

	2023	2022
Compensation of employees	8%	6%
Remuneration of directors	1.5%	1.5%

Amount

	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	$ 10,717	$ -	$ 19,329	$ -
Remuneration of directors	2,010	-	4,832	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjustments are accounted for in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

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.

24. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

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

	2023	2022
Current tax		
In respect of the current year	$ 12,613	$ 25,750
Income tax on unappropriated earnings	415	1,055
Adjustments for prior year	(3)	73
Deferred tax		
In respect of the current year	4,118	(6,169)
Income tax expense (benefit) recognized in profit or loss	$ 17,143	$ 20,709

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

	2023	2022
Profit before tax from continuing operations	$ 121,241	$ 297,988
Income tax expense calculated at the statutory rate	$ 24,200	$ 59,500
Loss (gain) on investments accounted for using the equity method	3,500	(18,700)
Dividends from foreign investments	2,400	19,900
Withholding tax on foreign dividends	(1,200)	(7,700)
Disposal of interests in foreign investments	(9,700)	(11,800)
Unrecognized loss carryforwards	-	(9,000)
Unappropriated earnings	415	1,055
Others	(2,472)	(12,546)
Income tax expense recognized in profit or loss	$ 17,143	$ 20,709

(2) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ -	$ 47
Current tax liabilities		
Income tax payable	$ 12,102	$ 26,615

(3) Deferred tax assets and liabilities

	December 31, 2023	December 31, 2022
Temporary differences	$ 11,300	$ 15,569
Deferred tax assets	$ 11,300	$ 15,569

(4) Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

25. Earnings per share

The calculation of basic and diluted earnings per share for the years ended December 31, 2023 and 2022 is disclosed as follows:

	2023			2022		
	Amount After Tax	Number of Shares (In Thousands)	Earnings Per Share After Tax	Amount After Tax	Number of Shares (In Thousands)	Earnings Per Share After Tax
Basic earnings per share						
Net profit for the current period attributable to shareholders	$ 104,098	158,522	$ 0.66	$ 277,279	152,541	$ 1.82
Effect of potentially dilutive ordinary shares						
Convertible bonds	2,621	26,915		3,127	30,248	
Compensation of employees	-	549		-	1,268	
Restricted shares for employees	-	3,267		-	2,648	
Diluted earnings per share						
Net profit for the current period attributable to shareholders	$ 106,719	189,253	$ 0.56	$ 280,406	186,705	$ 1.50

The Company may settle the compensation of employees in cash or shares; therefore, the Company 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 shareholders' meeting next year.

26. Share-based payment arrangements

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, donated, modified 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, 2022) 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 vested at no cost and cancel them.

As of December 31, 2023, information on restricted shares was as follows:

	December 31, 2023	December 31, 2022
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	4,452	5,000
Granted	-	-
Vested	(457)	(548)
Balance at December 31	3,995	4,452

Compensation costs recognized were $5,965 thousand and $9,850 thousand for the years ended December 31, 2023 and 2022, respectively.

27. Capital management

The capital risk management of the Company 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.

28. Financial instruments

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

The management of the Company 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ -	$ 407	$ 407
Corporate bonds	6,731	-	-	6,731
	$ 6,731	$ -	$ 407	$ 7,138
Financial assets at FVTOCI				
Investments in equity instruments				
- Domestic unlisted shares	$ -	$ -	$ -	$ 32,856

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	$ -	$ -	$ 5,615	$ 5,615
- Domestic unlisted shares	-	-	33,317	33,317
	$ -	$ -	$ 38,932	$ 38,932
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 1,366	$ 1,366

2) There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

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, 2023	December 31, 2022
Financial assets		
At amortized cost		
Financial assets at amortized cost	$ 618,446	$ 872,836
Financial assets at FVTPL - current	407	315
Financial assets at FVTPL - non-current	6,731	6,161
Financial assets at FVTOCI - non-current	32,856	38,932
Financial liabilities		
At amortized cost		
Financial liabilities at amortized cost	1,846,516	2,710,624
Financial liabilities at FVTPL - non-current	-	1,366

(4) Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, cash and cash equivalents, trade receivables, trade payables, other receivables, other payables, bonds payable and borrowings, etc. The Company'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 Company 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 Company'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 Company'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 Company 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 more information on carrying amount of non-functional currency-denominated monetary assets and monetary liabilities of the Company on the balance sheet date, refer to Note 31. The sensitivity analysis of the Company 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	
	2023	2022
Profit or loss	$ 1,845	$ 2,251

b) Interest rate risk

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

	December 31, 2023	December 31, 2022
Cash flow interest rate risk		
Financial assets	$ 129,623	$ 95,527
Financial liabilities	880,000	844,000

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 Company for the years ended December 31, 2023 and 2022 would increase by $7,504 thousand and $7,485 thousand, respectively.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to the counterparty's failure to fulfill contractual obligations. The Company requires collateral or other forms of security for major trading counterparties, which effectively reduces the credit risk. The management of the Company 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 Company 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 Company has significantly decreased.

3) Liquidity risk

The working capital of the Company 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 Company are as follows:

	December 31, 2023			
	Less than 1 Year	2 to 3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 278,356	$ -	$ -	$ 278,356
Lease liabilities	6,064	4,915	56,602	67,581
Variable interest rate liabilities	-	880,000	-	880,000
Fixed interest rate liabilities	688,160	-	-	688,160
	$ 972,580	$ 884,915	$ 56,602	$1,914,097

	December 31, 2022			
	Less than 1 Year	2 to 3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 322,912	$ -	$ -	$ 322,912
Lease liabilities	6,629	10,469	55,922	73,020
Variable interest rate liabilities	-	844,000	-	844,000
Fixed interest rate liabilities	489,979	-	512,791	1,002,770
	$ 819,520	$ 854,469	$ 568,713	$2,242,702

b) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank overdraft facilities:		
Amount used	$ 755,000	$ 720,000
Amount unused	1,469,935	1,381,420
	$ 2,224,935	$ 2,101,420
Secured bank overdraft facilities:		
Amount used	$ 480,000	$ 614,000
Amount unused	485,000	546,000
	$ 965,000	$ 1,160,000
Guaranteed bonds:		
Amount used	$ 600,000	$ 600,000
Amount unused	20,000	20,000
	$ 620,000	$ 620,000

29. Transactions with related parties

The transactions between the Company and other related parties are as follows:

(1) Related party name and category

Related Party Name	Related Party Category
Optivision Technology Inc.	Subsidiary
K Laser Technology (Korea) Co., Ltd.	Subsidiary
K Laser Technology (Thailand) Co., Ltd.	Subsidiary
K Laser Technology (USA) Co., Ltd.	Subsidiary
Amagic Technologies U.S.A. (Dubai)	Subsidiary
K Laser China Group Co., Ltd.	Subsidiary
K Laser Technology Japan Co., Ltd.	Subsidiary
K Laser Technology (Hongkong) Co., Ltd.	Subsidiary
Treasure Access Limited	Subsidiary
Top Band Investment Limited	Subsidiary
K Laser Technology (Wuxi) Co., Ltd.	Subsidiary
K Laser Technology (Dongguan) Co., Ltd.	Subsidiary
Hunan Herui Laser Technology Co., Ltd.	Subsidiary
Finity Laboratories	Subsidiary
Insight Medical Solutions Inc.	Subsidiary
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary
PT K Laser Technology Indonesia	Subsidiary
Guang Feng (Wuxi) Co., Ltd.	Associate accounted for using the equity method

(2) Operating transactions

	2023	2022
Sales		
Subsidiaries		
K Laser Technology (USA) Co., Ltd.	$ 363,118	$ 477,758
K Laser Technology Japan Co., Ltd.	154,252	144,117
Others	26,447	21,111
	$ 543,817	$ 642,986
Purchases		
Subsidiaries		
K Laser Technology (Dongguan) Co., Ltd.	$ 304,845	$ 279,084
K Laser Technology (Wuxi) Co., Ltd.	86,321	108,194
Treasure Access Limited	52,896	157,873
Jiangsu Sunderray Laser Packing Material Co., Ltd.	85,094	79,163
Others	1,512	658
Associates		
Guang Feng (Wuxi) Co., Ltd.	8,769	19,570
	$ 539,437	$ 644,542
Operating expenses		
Subsidiaries		
Others	3,654	1,604
Associates		
Guang Feng (Wuxi) Co., Ltd.	18	-
	$ 3,672	$ 1,604
Other income		
Subsidiaries		
Optivision Technology Inc.	$ 12,345	$ 13,264
Insight Medical Solutions Inc.	3,586	4,602
K Laser Technology (Dongguan) Co., Ltd.	34,933	44,312
K Laser Technology (Wuxi) Co., Ltd.	6,195	5,534
Others	26	14
	$ 57,085	$ 67,726

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, 2023	December 31, 2022
Receivables from related parties		
Subsidiaries		
K Laser Technology (USA) Co., Ltd.	$ 96,062	$ 106,328
K Laser Technology Japan Co., Ltd.	37,683	47,744
Others	4,219	5,006
	$ 137,964	$ 159,078
Payables to related parties		
Subsidiaries		
K Laser Technology (Dongguan) Co., Ltd.	$ 117,115	$ 80,137
K Laser Technology (Wuxi) Co., Ltd.	25,717	30,664
Treasure Access Limited	-	22,007
Jiangsu Sunderray Laser Packing Material Co., Ltd.	21,619	26,891
Others	891	611
	$ 165,342	$ 160,310
Other receivables		
Subsidiaries		
K Laser Technology (USA) Co., Ltd.	$ 38,912	$ 36,715
Optivision Technology Inc.	2,183	2,092
Insight Medical Solutions Inc.	570	471
Others	1,745	228
	$ 43,410	$ 39,506
Other payables		
Subsidiaries	$ 316	$ 14

(4) Acquisition of property, plant and equipment

	Purchase Price	
Related Party Category/Name	2023	2022
Subsidiaries	$ -	$ 184

(5) Endorsements and guarantees

As of December 31, 2023 and 2022, the amounts of loans guaranteed by Mr. Kuo Wei-Wu, the chairman of the Company, were $1,235,000 thousand and $1,334,000 thousand, respectively; refer to Note 18.

(6) Remuneration of key management personnel

	2023	2022
Short-term employee benefits	$ 24,506	$ 30,105
Post-employment benefits	$ 648	$ 653

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

30. Assets pledged as collateral

The following assets of loan contracts and operational needs were provided as collateral for bank borrowings and land leases:

	December 31, 2023	December 31, 2022
Bank deposits (Note 6)	$ 134,623	$ 289,985
Property, plant and equipment (Note 13)	87,922	92,779
Investment properties (Note 13)	33,403	35,311
	$ 255,948	$ 418,075

31. Significant assets and liabilities denominated in foreign currencies

The Company's significant assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands of Foreign Currencies/New Taiwan Dollars

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets						
Monetary items						
USD	$ 12,384	30.705	$ 380,251	$ 14,618	30.71	$ 448,919
RMB	1,322	4.327	5,720	3,064	4.408	13,506
Long-term equity investments accounted for using the equity method						
USD	27,743	30.705	851,849	26,747	30.71	821,400
RMB	552,557	4.327	2,390,914	525,695	4.408	2,317,264
Financial Liabilities						
Monetary items						
USD	6,377	30.705	195,806	7,257	30.71	222,862

32. Segment information

The Company has disclosed segment information in the consolidated financial statements, and does not disclose relevant information in the parent company only financial statements.

33. 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 and associates)	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	None
6	Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital	None
7	Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 3
8	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 4
9	Trading in derivative instruments	None
10	Information on investees	Table 5

(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 6
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.	Table 6

No	Items	Remark
	(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.	

(3) Information on 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 7)

K Laser Technology Inc.

Financing Provided to Others

For the Year Ended December 31, 2023

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	$ 17,558 (RMB 3,950)	$ 13,197 (RMB 3,050)	$ 12,765 (RMB 2,950)	3%	2	$ -	Operating turnover	$ -	None	None	$ 498,680 (RMB115,248)	$ 498,680 (RMB115,248)	
2	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	Other receivables	Yes	56,251 (RMB 13,000)	56,251 (RMB 13,000)	54,953 (RMB 12,700)	3%	2	-	Operating turnover	-	None	None	498,680 (RMB115,248)	498,680 (RMB115,248)	

Note 1: The information on funds lent by the Company and its subsidiaries to others is grouped 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 is 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 Company and its subsidiaries to others are as follows:

(1) According to the operating procedures for lending funds 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 lending funds by the subsidiaries to others and endorsements and guarantees to others, 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.

Marketable Securities Held

December 31, 2023

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, 2023				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	677,143	32,856	2	32,856	
	Corporate bond							
	HSBC Global Investment Funds - US Dollar Bond	None	Financial assets at FVTPL - non-current	-	6,731	-	6,731	
	Investment certificate							
Bright Triumph Limited	Dongguan City Guang Zhi Optoelectronic Co., Ltd.	None	Financial assets at FVTOCI - non-current	NA	54,775	7	54,775	
	Limited Partnership							
K Laser Technology (Dongguan) Co., Ltd.	Jinjinghesheng (Xiamen) Venture Capital Fund Partnership enterprise (Limited partnership)	None	Financial assets at FVTOCI - non-current	NA	55,386	11	55,386	

Note 1: For information related to investments in subsidiaries and associates, refer to Tables 5 and 6.

K Laser Technology Inc.
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, 2023

Table 3 Unit: In Thousands of New Taiwan Dollars

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	($ 304,846)	28	Cash payment within 90 days	NA	NA	($ 117,115)	56	
The Company	K Laser Technology (USA) Co., Ltd.	Second-tier subsidiary that indirectly holds 79.75% of the shares	Sales	363,118	26	Cash payment within 90 days	NA	NA	96,062	36	
The Company	K Laser Technology Japan Co., Ltd.	Second-tier subsidiary that indirectly holds 70% of the shares	Sales	154,252	11	Cash payment within 90 days	NA	NA	37,683	14	
K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Sister company	Purchase	(RMB 39,849)	34	Cash payment within 60 days	NA	NA	(RMB 9,782)	21	
K Laser Technology (Dongguan) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Sister company	Purchase	(RMB 23,544)	13	Cash payment within 60 days	NA	NA	(RMB 10,316)	21	
Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary	Sales	207,648	33	Cash payment within 120 days	NA	NA	118,698	42	

K Laser Technology Inc.

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

December 31, 2023

Table 4

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		
K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology Inc.	Parent company	$ 117,115	3.01	$ -	-	$ 92,044	$ -
Optivision Technology Inc.	Ningbo Optivision Technology Co., Ltd.	Subsidiary	118,698	1.96	-	-	24,919	-

K Laser Technology Inc.

Information on investees

For the Year Ended December 31, 2023

Table 5 — Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: December 31, 2023	Original Investment Amount: December 31, 2022	As of December 31, 2023: Number of Shares	As of December 31, 2023: %	As of December 31, 2023: Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
The Company	K Laser China Group Co., Ltd.	British Virgin Islands	Reinvestment company	$ 722,454	$ 722,454	21,289,005	100	$ 2,390,913	$ 92,005	$ 107,263	
〃	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment company	726,200	726,200	21,161,462	100	848,057	38,074	37,796	
〃	Optivision Technology Inc.	Hsinchu City	Manufacture and sales of optical instruments and electronic components, etc.	486,679	499,497	23,008,835	39	286,540	(298,604)	(132,190)	(Note 1)
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	97,372	97,372	157,545	49	3,777	(14,973)	(7,337)	
〃	Vicome Corp.	Yunlin County	Manufacture, processing and trading of fluorescent pigments and dyes	35,494	35,494	3,021,420	30	158,252	43,120	13,027	
〃	Insight Medical Solutions Inc.	Hsinchu City	R&D and sales of gastrointestinal endoscopy and other businesses	301,957	269,813	10,602,443	44	105,585	(70,361)	(32,056)	
〃	Guang Feng International Ltd.	Samoa	Reinvestment company	162,463	162,463	4,845,810	100	11,846	(3,541)	(3,541)	
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	USA	Sales of holographic products	USD 6,500	USD 6,500	6,500,000	80	USD 8,880	USD 68	USD 327	
〃	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of holographic products	USD 1,839	USD 1,839	9,337,984	83	USD 8,430	USD 386	USD 322	
〃	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacture and sales of holographic products	USD 2,946	USD 2,946	677,040	100	USD 2,260	USD 294	USD 294	
〃	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	Sales and agency of holographic products	USD 2,297	USD 2,297	-	100	USD 3,818	USD 106	USD 106	
〃	K Laser Technology Japan Co., Ltd.	Japan	Manufacture and sales of holographic products	USD 830	USD 830	1,344	70	USD 2,940	USD 449	USD 314	
〃	CIO Tech Ltd.	Cayman Islands	Reinvestment company	USD 750	USD 750	11,000,000	22	USD 461	(USD 248)	(USD 55)	
〃	Amagic Holographics India Private Limited	India	Manufacture and sales of holographic products	USD 2,508	USD 2,508	10,915,594	100	USD 288	(USD 36)	(USD 36)	
K Laser Technology (Thailand) Co., Ltd.	PT K Laser Technology Indonesia	Indonesia	Manufacture and sales of holographic products	THB 21,168	THB 21,168	266,000	70	THB 22,404	THB 401	THB 281	
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Cayman Islands	Reinvestment company	RMB 221,070	RMB 180,503	89,096,401	94	RMB 561,334	RMB 19,443	RMB 18,233	
K Laser China Group Holding Co., Limited	K Laser Technology (Hongkong) Co., Ltd.	Hongkong	Sales agent for holographic products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 8,185	RMB 2,276	RMB 2,276	
〃	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 112,440	RMB 112,440	30,000	100	RMB 268,474	(RMB 1,942)	(RMB 2,080)	
〃	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment company	RMB 173,364	RMB 130,106	50,000	100	RMB 320,710	RMB 21,392	RMB 20,995	
〃	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 20,825	RMB 20,825	163,975	51	RMB 908	(RMB 3,427)	(RMB 1,748)	

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Holomagic Co., Ltd.	Treasure Access Limited	Hongkong	Reinvestment company	RMB 69,243	RMB 69,243	10,000	100	RMB 266,246	(RMB 1,975)	(RMB 1,975)	
Top Band Investment Ltd.	Union Bloom Co., Ltd.	Hongkong	Reinvestment company	RMB 156,588	RMB 113,329	10,000	100	RMB 318,475	RMB 21,401	RMB 21,401	
iWin Technology Co., Ltd.	Finity Laboratories	USA	Research and development of holographic technology	USD 700	USD 700	700,000	100	USD -	(USD 478)	(USD 478)	(Note 2)
Optivision Technology Inc.	Bright Triumph Limited	Mauritius	Reinvestment company	242,173	242,173	7,913,767	100	137,487	(2,257)	(2,257)	

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

Note 2: Finity Laboratories had completed its liquidation in July 2023.

K Laser Technology Inc.

Information on investments in mainland China

For the Year Ended December 31, 2023

Table 6 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	$ 546,669 (RMB 126,339)	By reinvesting in existing companies in third regions	$ 205,416 (USD 6,690)	$ -	$ -	$ 205,416 (USD 6,690)	94	($ 15,551) (RMB, -3,594)	($ 14,582) (RMB, -3,370)	$ 565,712 (RMB 130,740)	$ 229,071 (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	716,642 (RMB 165,621)	By reinvesting in existing companies in third regions	63,222 (USD 2,059)	-	-	63,222 (USD 2,059)	94	119,088 (RMB 27,522)	111,676 (RMB 25,809)	1,169,112 (RMB 270,190)	742,422 (RMB 171,579)
Hunan 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.	224,139 (RMB 51,800) (Note 1)	By reinvesting in existing companies in third regions	-	-	-	-	46	17,637 (RMB 4,076)	8,104 (RMB 1,873)	144,855 (RMB 33,477)	41,483 (RMB 9,587)
Foshan Donglin Packaging Material Co., Ltd.	Production of cigarette packaging materials and extended products	(Liquidated)	By reinvesting in existing companies in third regions	-	-	-	-	-	9 (RMB 2)	-	-	-
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	80,482 (RMB 18,600) (Note 4)	By reinvesting in existing companies in third regions	-	-	-	-	46	(16,261) (RMB -3,758)	(11,358) (RMB -2,625)	198,311 (RMB 45,831)	-
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Production of special film coating, decorative film and environmentally friendly transfer paper, etc.	475,970 (RMB 110,000) (Note 2)	By reinvesting in existing companies in third regions	-	-	-	-	61	389 (RMB 90)	(1,151) (RMB -266)	349,695 (RMB 80,817)	37,498 (RMB 8,666)

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						
Jiangyin Terryda Packing Technology Co., Ltd.	Production of special film coating, decorative film and environmentally friendly transfer paper, etc.	42,980 (RMB 9,933) （Note 2）	By reinvesting in existing companies in third regions	-	-	-	-	61	(5,534) (RMB -1,279)	(3,375) (RMB -780)	34,019 (RMB 7,862)	-
Guang Feng (Wuxi) Co., Ltd.	R & D and production of large liquid crystal projection displays and optical engines for displays, projection tubes, etc.	187,485 (RMB 43,329)	By reinvesting in existing companies in third regions	112,257 (USD 3,656)	-	-	112,257 (USD 3,656)	45	(13,111) (USD -427)	(5,895) (USD -192)	25,547 (USD 832)	-
Glory Group Medical (Wuxi) Co., Ltd.	R&D and sales of gastrointestinal endoscopy and other businesses	76,763 (USD 2,500)	Directly to the mainland China for investment	76,763 (USD 2,500)	-	-	76,763 (USD 2,500)	44	(11,784)	(5,185)	19,083	-
Ningbo Optivision Technology Co., Ltd.	Manufacture, processing and production of brightness enhancement film, diffusion film and optical film	145,693 (RMB 33,607)	By reinvesting in existing companies in third regions	161,447 (USD 5,258)			161,447 (USD 5,258)	44	(2,142) (USD -73)	(942) (USD -32)	33,708 (USD 1,098)	-
Dongguan City Guang Zhi Optoelectronic Co., Ltd.	R&D and manufacturing of precision components	334,972 (RMB 74,500)	By reinvesting in existing companies in third regions	68,779 (USD 2,240)			68,779 (USD 2,240)	3	-	-	24,101 (USD 785)	-
K Laser Technology (Nanchang) Co., Ltd.	Engaged in the production and sales of other polyethylene and rigid polyvinyl chloride films and foils	187,182 (RMB 43,259)	By reinvesting in existing companies in third regions	-	-	-	-	94	(11,631) (RMB -2,688)	(10,904) (RMB -2,520)	164,625 (RMB 38,046)	-
Zunyi Guangqun Laser Packaging Technology Co., Ltd.	Mainly engaged in the production, processing and sales of wine packaging	86,540 (RMB 20,000)	By reinvesting in existing companies in third regions	-	-	-	-	85	(16,174) (RMB -3,738)	(13,812) (RMB -3,192)	60,098 (RMB 13,889)	-

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, 2023	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.	$380,896 (USD 12,405)	$2,496,746 (USD 81,314) (Note 5)	-
Optivision Technology Inc.	$230,226 (USD 7,498)	$262,712 (USD 8,556)	$395,689
Insight Medical Solutions Inc.	$76,763 (USD 2,500)	$76,763 (USD 2,500)	$80,000

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 RMB48,100 thousand made through third-party business.
Note 4: Including cash investments of US$6,000 thousand made through third-party business.
Note 5: Including reinvestment of earnings amounted to US$21,162 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 Table 3.
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 transactions affecting current income or financial status: None.

K Laser Technology Inc.

Information on major shareholders

December 31, 2023

Table 7

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kuo Wei-Wu	13,804,756	8.14%

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 trustor 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.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

K Laser Technology Inc.

Statement of Cash and Cash Equivalents

December 31, 2023

Statement 1

Unit: In Thousands of NTD,
In Foreign Currencies

Item	Summary	Amount
Cash on hand and petty cash		$ 5,822
Bank deposits	Demand deposit - NTD	13,027
	Checking deposit - NTD	125
	Demand deposit - USD2,675,739	82,159
	Demand deposit - EUR348,799	11,852
	Demand deposit – RMB1,201,436	5,199
	Demand deposit - JPY1,666,979	362
	Demand deposit - HKD1,405	5
	Demand deposit - AUD71	2
	Term deposit - USD1,410,140	43,298
		$ 161,851

Note: The exchange rates are as follows:

USD1:NTD30.705

EUR1:NTD33.98

RMB1:NTD4.3270

JPY1:NTD0.2172

HKD1:NTD3.9290

AUD1:NTD20.98

K Laser Technology Inc.

Statement of Notes Receivable

December 31, 2023

Statement 2 Unit: In Thousands of NTD

Name of Client	Summary	Amount
Neoway Corporation	Payment	$ 2,585
Foremost eMage Corporation	〃	1,556
Zing Yew Co., Ltd.	〃	1,209
Yuan Shin Aluminium Paper Co., Ltd.	〃	443
Others (Note)	〃	1,520
		$ 7,313

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.

Statement of Accounts Receivable

December 31, 2023

Statement 3 Unit: In Thousands of NTD

Name of Client	Summary	Amount
COMMBAX SDN BHD	Payment	$ 43,690
M&G ENT. CO., LTD.	〃	29,612
POLYHATERIALS PACKAGING FILHS SP Z.O.O.	〃	11,657
Others (Note)	〃	37,311
Less: Allowance for bad debts		(3,899)
		$ 118,371

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.

Statement of Other Receivables

December 31, 2023

Statement 4 Unit: In Thousands of NTD

Item	Summary	Amount
Other receivables	Related parties	$ 43,410
	Others (Note)	2,146
		$ 45,556

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.

Statement of Inventories

December 31, 2023

Statement 5 Unit: In Thousands of NTD

Item	Cost	Net Realizable Value
Raw materials	$ 63,423	$ 52,532
Work in process	2,556	2,556
Finished goods	26,187	23,457
Merchandise	27,608	26,725
Less: Provision for inventory write-off and obsolescence	(14,504)	-
	$ 105,270	$ 105,270

K Laser Technology Inc.

Statement of Other Current Assets

December 31, 2023

Statement 6 Unit: In Thousands of NTD

Item	Summary	Amount
Prepayments	Advance payment and insurance premium, etc.	$ 37,424
Restricted assets	Short-term loan guarantee from banks and guarantee for issuance of corporate bonds, etc.	129,623
Residual income tax		430
		$ 167,477

K Laser Technology Inc.

Statement of Changes in Financial Assets at Fair Value Through Other Comprehensive Income - Non-current

For the Year Ended December 31, 2023

Statement 7

Unit: In Thousands of NTD/Shares

	Beginning Balance		Increase		Decrease		Ending Balance			
Name of Financial Assets	Number of Shares	Fair Value	Number of Shares	Amount (Note 1)	Number of Shares	Amount (Note 2)	Number of Shares	Shareholding Ratio	Fair Value	Collaterals/ Guarantees
CM Visual Technology Corporation	138,240	$ -	-	$ -	-	$ -	138,240	-	$ -	None
CDIB Capital Healthcare Ventures Corporation	1,800,000	33,317	-	10,767	1,122,857	11,228	677,143	2	32,856	None
FOODFAB GROUP LIMITED	1,805,247	5,615	-	392	1,805,247	6,007	-	-	-	None
		$ 38,932		$ 11,159		$ 17,235			$ 32,856	

Note 1: The adjustment of valuation allowance amount based on fair value at the end of the year.

Note 2: The return on capital reduction and disposal of investment in the current year.

K Laser Technology Inc.

Statement of Changes in Investments Accounted for Using the Equity Method

For the Year Ended December 31, 2023

Statement 8

Unit: In Thousands of NTD/Shares

	Beginning Balance		Increase		Decrease		Ending Balance				
Name of Company	Number of Shares	Fair Value	Number of Shares	Amount (Note 1)	Number of Shares	Amount (Note 2)	Number of Shares	Shareholding Ratio	Amount	Net Worth/Market Price	Collaterals/ Guarantees
K Laser China Group Co., Ltd.	21,289,005	$2,317,263	-	$ 84,524	-	$ 10,874	21,289,005	100%	$2,390,913	$2,471,725	None
K Laser International Co., Ltd.	21,161,462	810,426	-	37,631	-	-	21,161,462	100%	848,057	853,144	None
iWin Technology Co., Ltd.	157,545	10,963	-	(7,186)	-	-	157,545	49%	3,777	3,777	None
Optivision Technology Inc.	23,614,835	426,157	-	(130,781)	-	8,836	23,614,835	44%	286,540	601,681	Yes (Note 3)
Vicome Corp.	3,021,420	153,302	-	11,597	-	6,647	3,021,420	30%	158,252	158,252	None
Guang Feng International Ltd.	4,845,810	15,601	-	(3,755)	-	-	4,845,810	100%	11,846	11,846	None
Insight Medical Solutions Inc.	8,995,264	116,175	-	(10,591)	-	-	8,995,264	44%	105,584	105,584	None
		$3,849,887		($ 18,561)		$ 26,357	-		$3,804,969	$4,206,009	

Note 1: Including the increase in investment costs in the current period, the investment benefits recognized under the equity method, the increase or decrease in exchange differences arising from the translation of foreign financial statements, and the adjustment of net value changes.

Note 2: Including disposal and cash dividends in current period.

Note 3: 10,000,000 shares of Optivision Technology Inc. have been pledged as collateral for the issuance of the Company’s convertible bonds.

Note 4: The shareholding ratio of Optivision Technology Inc. has taken into account the impact of the Company’s repurchase of treasury shares.

K Laser Technology Inc.

Statement of Changes in Right-of-Use Assets

For the Year Ended December 31, 2023

Statement 9 | Unit: In Thousands of NTD

Item	Beginning Balance	Increase	Decrease	Ending Balance
Cost				
Land	$ 76,890	$ -	$ -	$ 76,890
Buildings	2,708	-	-	2,708
Transportation equipment	4,322	1,211	667	4,866
	$ 83,920	$ 1,211	$ 667	$ 84,464
Accumulated depreciation				
Land	$ 16,258	$ 4,042	$ -	$ 20,300
Buildings	2,165	543	-	2,708
Transportation equipment	1,839	1,447	667	2,619
	$ 20,262	$ 6,032	$ 667	$ 25,627

K Laser Technology Inc.

Statement of Other Non-current Assets

December 31, 2023

Statement 10

Unit: In Thousands of NTD,
Unless Stated Otherwise

Item	Summary	Amount
Refundable deposits		$ 12,768
Restricted assets	Guarantee for land lease	5,000
Prepayments for equipment		837
Others		748
		$ 19,353

K Laser Technology Inc.

Statement of Short-term Loans

December 31, 2023

Statement 11

Unit: In Thousands of NTD, Unless Stated Otherwise

Item	Summary	Amount of Loan	Contract Period	Limit	Interest Rate (%)	Collaterals/Guarantees
Short-term loans						
Mega Bank	Credit loan	$ 50,000	December 22, 2023 – March 21, 2024	$ 100,000	1.85%	None
Fubon Bank	Credit loan	20,000	November 10, 2023 – February 5, 2024	214,935	1.85%	None
Fubon Bank	Credit loan	30,000	November 23, 2023 – February 5, 2024	214,935	1.85%	None
Fubon Bank	Credit loan	50,000	November 27, 2023 – February 5, 2024	214,935	1.85%	None
Fubon Bank	Credit loan	50,000	December 1, 2023 – March 1, 2024	214,935	1.85%	None
Esun Bank	Credit loan	50,000	December 6, 2024 – March 6, 2024	50,000	1.80%	None
First Commercial Bank	Credit loan	20,000	December 8, 2023 – January 5, 2024	100,000	1.85%	None
First Commercial Bank	Credit loan	35,000	December 28, 2023 – January 26, 2024	100,000	1.85%	None
		$ 305,000		$ 1,209,740		

K Laser Technology Inc.

Statement of Accounts Payable

December 31, 2023

Statement 12 Unit: In Thousands of NTD

Name of Client	Summary	Amount
EFUN Display Limited	Payment	$ 29,720
Jiu Li Mei Enterprise Corp.	Payment	7,677
Sum-Phoon Industrial Corp.	Payment	2,521
Others (Note)	Payment	4,913
		$ 44,831

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.

Statement of Other Current Liabilities

December 31, 2023

Statement 13 Unit: In Thousands of NTD

Item	Amount
Advance payment	$ 3,497
Temporary payment	299
Withholding payment	458
	$ 4,254

K Laser Technology Inc.

Statement of Other Non-current Liabilities

December 31, 2023

Statement 14 | Unit: In Thousands of NTD

Item	Summary	Amount
Guarantee deposits	Lease guarantee	$ 942

K Laser Technology Inc.

Statement of Lease Liabilities

December 31, 2023

Statement 15 | Unit: In Thousands of NTD

Item	Lease Period	Discount Rate (%)	Amount
Land	October 16, 2018 - December 31, 2037	1.55	$ 58,615
Transportation equipment	December 1, 2021 - September 19, 2028	1.5-2.03	2,272
			60,887
Less: Current portion due within 1 year			(5,151)
			$ 55,736

K Laser Technology Inc.

Statement of Operating Revenue

December 31, 2023

Statement 16

Unit: In Thousands of NTD, Unless Stated Otherwise

Item	Amount
Laser papers	$ 25,452
Anti-counterfeiting labels	58,013
Laser films	755,878
Optical instruments	526,281
Others	48,709
	$ 1,414,333

K Laser Technology Inc.

Statement of Operating Costs

For the Year Ended December 31, 2023

Statement 17 Unit: In Thousands of NTD

Item	Amount
Direct raw materials	
Add: Raw materials, beginning of year	$ 67,883
Purchased	505,913
Less: Transferred to manufacturing expense and operating expense	(7,714)
Sales of raw materials	(411,239)
Raw materials, end of year	(63,423)
Direct consumption of raw materials	91,420
Direct labor	20,253
Manufacturing expense	79,680
Manufacturing cost	191,353
Add: Work in process, beginning of year	1,832
Less: Transferred to manufacturing expense and operating expense	(6,555)
Work in process, end of year	(2,556)
Cost of finished goods	184,074
Add: Finished goods, beginning of year	23,020
Less: Transferred to manufacturing expense and operating expense	(255)
Finished goods, end of year	(26,187)
Cost of finished goods sold	180,652
Cost of merchandise sold	
Add: Merchandise, beginning of year	29,488
Purchase	585,671
Less: Transferred to manufacturing expense and operating expense	(174)
Merchandise, end of year	(27,608)
Cost of merchandise sold	587,377
Sales of raw materials	411,239
Reversal of inventory write-off	(3,742)
Total operating costs	$ 1,175,526

K Laser Technology Inc.

Statement of Selling and Marketing Expenses

For the Year Ended December 31, 2023

Statement 18

Unit: In Thousands of NTD

Item	Amount
Salary and bonus	$ 29,770
Transportation fee	7,915
Commission expense	7,137
Inspection fee	6,049
Travel expense	3,499
Others (Note)	12,049
	$ 66,419

Note: The amount of individual item in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.

Statement of General and Administrative Expenses

For the Year Ended December 31, 2023

Statement 19 Unit: In Thousands of NTD

Item	Amount
Salary and bonus	$ 33,352
Labor fee	10,390
Depreciation	5,688
Repair costs	3,562
Others (Note)	14,826
	$ 67,818

Note: The amount of individual item in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.

Statement of Research and Development Expenses

For the Year Ended December 31, 2023

Statement 20 Unit: In Thousands of NTD

Item	Amount
Salary and bonus	$ 29,866
Research fee	19,598
Depreciation	16,964
Others (Note)	13,781
	$ 80,209

Note: The amount of individual item in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.

Summary of Employee Benefits, Depreciation and Amortization Expenses by Function

For the Years Ended December 31, 2023 and 2022

Statement 21

Unit: In Thousands of NTD

	2023				2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses and Losses	Total
Short-term employee benefits								
Salary expense	$ 37,338	$ 82,603	$ -	$ 119,941	$ 37,790	$ 96,654	$ -	$ 134,444
Labor health insurance	$ 4,467	$ 6,809	$ -	$ 11,276	$ 4,301	$ 6,853	$ -	$ 11,154
Post-employment benefits	$ 2,168	$ 3,015	$ -	$ 5,183	$ 2,132	$ 3,772	$ -	$ 5,904
Remuneration of directors	$ -	$ 3,576	$ -	$ 3,576	$ -	$ 6,026	$ -	$ 6,026
Termination benefits	$ 1	$ 639	$ -	$ 640	$ 111	$ 19	$ -	$ 130
Other employee benefits	$ 859	$ 1,048	$ -	$ 1,907	$ 1,013	$ 1,191	$ -	$ 2,204
Depreciation expenses								
Property, plant and equipment	$ 10,118	$ 19,982	$ -	$ 30,100	$ 11,809	$ 16,567	$ -	$ 28,376
Right-of-use assets	1,610	3,212	1,210	6,032	1,591	3,210	1,339	6,140
Investment properties	-	-	1,263	1,263	-	-	1,279	1,279
	$ 11,728	$ 23,194	$ 2,473	$ 37,395	$ 13,400	$ 19,777	$ 2,618	$ 35,795
Amortization expenses	$ -	$ 345	$ -	$ 345	$ -	$ 369	$ -	$ 369

Note:

1. As of December 31, 2023 and 2022, the number of employees was 154 and 153, respectively, including 6 directors who did not serve concurrently as employees in both years.
2. The average employee benefits expense for 2023 was $935 thousand and the average employee benefits expense for 2022 was $1,046 thousand; the average employee payroll expense for 2023 was $810 thousand and the average employee payroll expense for 2022 was $915 thousand. The average employee payroll expense decreased by 11%.
3. The Company’s compensation policy (including directors, supervisors, and employees):

   (1) The independent directors of the Company receive a fixed remuneration, while the other directors, in addition to receiving attendance allowances for each board meeting, shall be entitled to a directors’ remuneration not exceeding 1.5% of the pre-tax profit after deducting the amounts allocated for distribution to employees and directors, as stipulated in the Company’s Article 32, if the Company generates profits in the fiscal year.

   In accordance with the Company’s Article 32, if the Company generates profits in the fiscal year, the Company shall allocate 4% to 8% of the pre-tax profit after deducting the amounts allocated for distribution to employees and directors as employees’ compensation. The managers’ remuneration includes salary and bonus, with salary being determined based on industry standards, job titles, job levels, education and experience, professional skills and responsibilities, etc. Bonuses are based on the manager's performance evaluation, including financial indicators such as the Company's revenue and pre-tax net profit's achievement rate, as well as non-financial indicators such as job performance, work quality, work attitude, leadership, communication and coordination, team cooperation, and significant deficiencies in compliance with laws and operational risks. The remuneration will be distributed based on the recommendation of the compensation committee and will be approved by the chairman based on the performance evaluation results.

The remuneration of directors and managers shall be determined by the board of directors and reported to the shareholders' meeting. However, if the Company still has accumulated losses, an amount shall be reserved in advance for offsetting such losses, and then employees' compensation and directors' remuneration shall be allocated based on the aforementioned ratio. The recipients of employees' compensation may include employees of subsidiaries who meet certain conditions, and such remuneration may be paid in shares or cash.

(2) Accounting treatment in case of differences between the estimated amount of employees' compensation and directors' remuneration for the current period, the calculation basis for employees' compensation distributed in shares, and the actual amount of distribution:

Based on the provisions of the Company's Articles and by reference to the actual remuneration paid in the past, the Company estimates the possible amounts of employees' compensation and directors' remuneration to be paid. If there is a difference between the actual payment and the estimated amount, it should be treated as a change in accounting estimate and be included in the profit and loss statement of the following year.

(3) The Company established an audit committee on November 5, 2013 and abolished the system of supervisors, which did not apply in these circumstances.

6. Financial Distress in Company and Subsidiaries: None

7. Analysis of Financial Status, Financial Performance and Risk Management

1. Analysis of financial status

Unit: NT $1000

Year / Project	2023	2022 (restatement)	Difference: Amount of money	Difference: %	Notes
Current Assets	4,977,919	5,060,287	(82,368)	(1.63%)	
Non-current assets	3,012,099	3,075,823	(63,724)	(2.07%)	
Total assets	7,990,019	8,136,110	(146,092)	(1.80%)	
Current liabilities	2,763,071	2,343,015	420,056	17.93%	
Long-term liabilities	1,137,959	1,564,025	(426,066)	(27.24%)	Description
Total liabilities	3,901,030	3,907,040	(6,010)	(0.15%)	
Share capital	1,694,613	1,638,061	56,552	3.45%	
Capital surplus	733,926	689,968	43,958	6.37%	
Retained earnings	864,838	989,379	(124,541)	(12.59%)	
Total shareholders' equity	4,088,988	4,229,070	(140,082)	(3.31%)	

The analysis of the change in the proportion of increase and decrease shows:

According to the issuance regulations of the sixth domestic secured conversion of corporate bond (CB6), the holders of CB6 may apply for early settlement when CB6 have expired for three years, so the CB6 NT$333,168 thousand was transferred from long-term liabilities to current liabilities in 2023.

2. Analysis of financial performance

Unit: NT $1000

Year / Project	2023	2022 (restatement)	Difference: Amount of money	Difference: %	Notes
Net operating income	5,679,188	6,421,806	(742,618)	(11.56%)	
Operating costs	4,470,195	5,265,148	(794,953)	(15.10%)	
Gross operating profit	1,208,993	1,156,658	52,335	4.52%	
Operating expenses	1,212,531	1,173,016	39,515	3.37%	
Operating income	(3,538)	(16,358)	12,820	(78.37%)	Description
Non-operating income and expenses	(34,048)	259,570	(293,618)	(113.12%)	Description
Net income from continuing operations before taxes	(37,586)	243,212	(280,798)	(115.45%)	Description
Income tax expense	(45,707)	(131,283)	85,576	(65.18%)	Description
Cumulative effect of changes in accounting principles	0	0	0	0	
Net profit after tax from continuing operations	(83,293)	111,929	(195,222)	(174.42%)	Description

The analysis of the change in the proportion of increase and decrease shows that:

In 2023, due to the impact of the depression in Optical product of Optivision,, the revenue and gross margin decreased, affecting the operating profit, net income from continuing operations before taxes, net profit after tax from continuing operations to go down. Non-operating income and expenses increased due to gain on foreign exchange increase and gain from sale and leaseback transactions.

3、 Analysis of cash flow

（1）Review and analysis sheet of changes in cash flow

Unit: NT $1000

2023.01.01 Cash balance at the beginning of the period	Net cash flow from operating activities for the whole year	Net cash flow from investing and financing activities for the whole year	Impact of exchange rate changes	Cash balance (2023.12.31)	Remedial measures for cash deficiency	
					Investment plan	Financial management plan
1,720,354	189,455	(359,568)	46,906	1,503,335	—	—

Analysis of annual cash flow changes:
1. The cash inflow from operating activities is NT$ 189,455 thousand, mainly from operating income.
2. The cash outflow from investment activities is NT$ 252,035 thousand, mainly due to the normal purchase of assets.
3. The cash ouflow from financing activities is NT$ 107,533 thousand, mainly caused by repaying brrowings, and distributing cash dividends.

（2）Remedial measures and liquidity analysis of expected cash shortage:

Not applicable.

（3）Analysis of cash flow in the next year

Unit: NT $1000

2024.01.01 Cash balance at the beginning of the period	Expected net cash flow from operating activities of the whole year	Expected net cash flows from investing and financing activities of the whole year	Estimated cash balance (shortfall) (2024.12.31)	Remedial measures for estimated cash deficiency	
				Investment plan	Financial management plan
1,503,335	425,721	(178,409)	1,750,647	—	—

The estimated cash inflows of 2024 are mainly from operating income; investment and financing outflows includes investment in additional equipment, as well as cash dividends, which are sufficient to cover cash inflows from operating activities.

4、 Impact of major capital expenditure in recent year

（1） Review and analysis of major capital expenditure and its capital source

Unit: NT $1000

Planned Projects	Actual or expected source of funds	Actual or expected completion date	Total funds required	Actual or intended use of funds				
				2024	2023	2022	2021	2020
Wide format holographic seamless plate making equipment and production process	Equity funds	2024.12.31	79,492	303	155	17,583	27,975	592
Holographic seamless electroforming equipment and production process	Equity funds	2024.12.31	28,113	437	98	98	350	300
New wide-format holographic seamless plate making equipment and production process	Equity funds	2024.12.31	22,765	1,758	8,527	5,781	5,821	948

(2) Expected potential benefits

1. Wide format holography seamless plate making equipment and production process:

   (1) Enhance the efficiency of wide-format pure plateless seam shooting.

   (2) Provide wide-format seamless products to expand new markets.

   (3) Wide-format seamless process to reduce cost and enhance competitiveness.

2. Holographic seamless electroforming equipment and production process:

   (1) Enhance the production capacity of seam-free electroforming manufacturing.

   (2) Provide diversified electroforming products without seams to expand the demand of new markets.

3. New wide-format holographic seamless plate making equipment and production process:

   (1) Enhance the efficiency of wide-format holographic seamless shooting.

   (2) No electroforming process, simplify the plate making process

5. Reinvestment policy in recent year, main reasons for profit or loss, improvement plans and investment plans for the coming year.

(1) Reinvestment policy: The Company's reinvestment is mainly in the field related to the Company's core business, with the development of upstream and downstream integration, hoping to expand the market base, reduce production costs, and improve the Company's operating performance. At present, the Company's reinvestment focus is still on China. In the downstream market development, the Company will continue to promote its products in the terminal packaging products by combining the advantages of its Chinese investors in the market; while in the upstream material side, the Company will cooperate with its reinvestment companies in the development of raw materials, cost reduction and quality improvement.

(2) Profit or loss from the recent year's reinvestment and improvement plan: In 2023, the Company recognized an operating loss of NT$6,603 thousand from the reinvestment company, an decrease of NT$12,165 thousand from the profit of NT$5,562 thousand recognized last year, mainly due to the reinvest China company Hunan Hexin Packing Materials Co., Ltd. continues to suffer losses and will conduct integration and streamlining.

(3) Estimated investment plan in 2024: To improve the production performance and reduce production costs of K Laser China Group, the Company has registered a new company in Nanchang, China. The investment funds USD 30,000,000 will be paid in five years. In 2024 the new company plan to establish the production plant and related supporting facilities required for the production of holographic materials, and build 8 production lines, it is expected to be completed and put into production in 2025 with an annual output of about 7,500 tons.

6. Analysis and evaluation of risk matters

(1) The impact of interest rate, exchange rate changes and inflation on the Company's profit and loss and future countermeasures:

In 2023, the Company and its subsidiaries incurred interest expenses of NT$43,592 thousand and exchange gains of NT$29,116 thousand. The Company regularly evaluates bank borrowing rates and obtains loans at lower interest rates through the Company's strengths. As for exchange rates, the Company always collects information on international financial information and exchange rate changes and implements them in accordance with clear foreign exchange operating strategies and strict control procedures.

(2) The Company's policies, main reasons for profit or loss and future countermeasures for engaging in high-risk, highly leveraged investments, funds loan to others, endorsement guarantees and derivative transactions are as follows:

1. The Company engages in high-risk, highly leveraged investments and derivative transactions:

In order to manage financial risks, the Company does not engage in high-risk, highly leveraged financial investments. In order to control transaction risks, the Company has established internal management practices and operating procedures based on sound financial and operational principles in accordance with the relevant laws and regulations of the Securities and Futures Bureau, and all derivative transactions engaged in by the Company are handled in accordance with the Company's "Processing Procedures for Dealing with Derivative Financial Products".

2. The Company's endorsement and guarantee:

The Company has in place a complete and thorough policy and internal control scheme governing endorsement and guarantee. For the year to date, the Company’ endorsement and guarantee is in accordance with relevant provisions.

3. Loan of funds to others:

The Company has in place a complete and thorough policy and internal control scheme governing lending. For the last fiscal year and year to date, the Company’s lending is in accordance with relevant provisions.

(3) Future R & D plan and expected R & D cost

Unit: NT $1000

Number of items	R & D plan	Input cost	Estimated time of mass production
1	Wide format holographic seamless plate making equipment and production process	303	December, 2024
2	Holographic seamless electroforming equipment and production process	437	December, 2024
3	New wide-format holographic seamless plate making equipment and production process	1,758	December, 2024

(4) The impact of important domestic and foreign policies and legal changes on the Company's financial operations and measures to address them: None.

(5) Impact of technological change and industrial change on the company's financial business and countermeasures: None.

(6) Impact of corporate image change on corporate crisis management and measures to address it: None.

(7) Expected benefits, possible risks and countermeasures for mergers and acquisitions: None.

(8) Expected benefits, possible risks, and countermeasures for plant expansion: None.

(9) Risks of concentration of purchase or sales of goods and countermeasures: The Company has no concerns about concentration risks with major suppliers and customers.

(10) The impact, risk and countermeasures of a substantial shift or change in the shareholding of directors, supervisors or major shareholders holding more than 10% of the shares of the Company: None.

(11) The impact, risk and countermeasures of the change of management power on the Company: None.

(12) Litigation or non-litigation events: None.

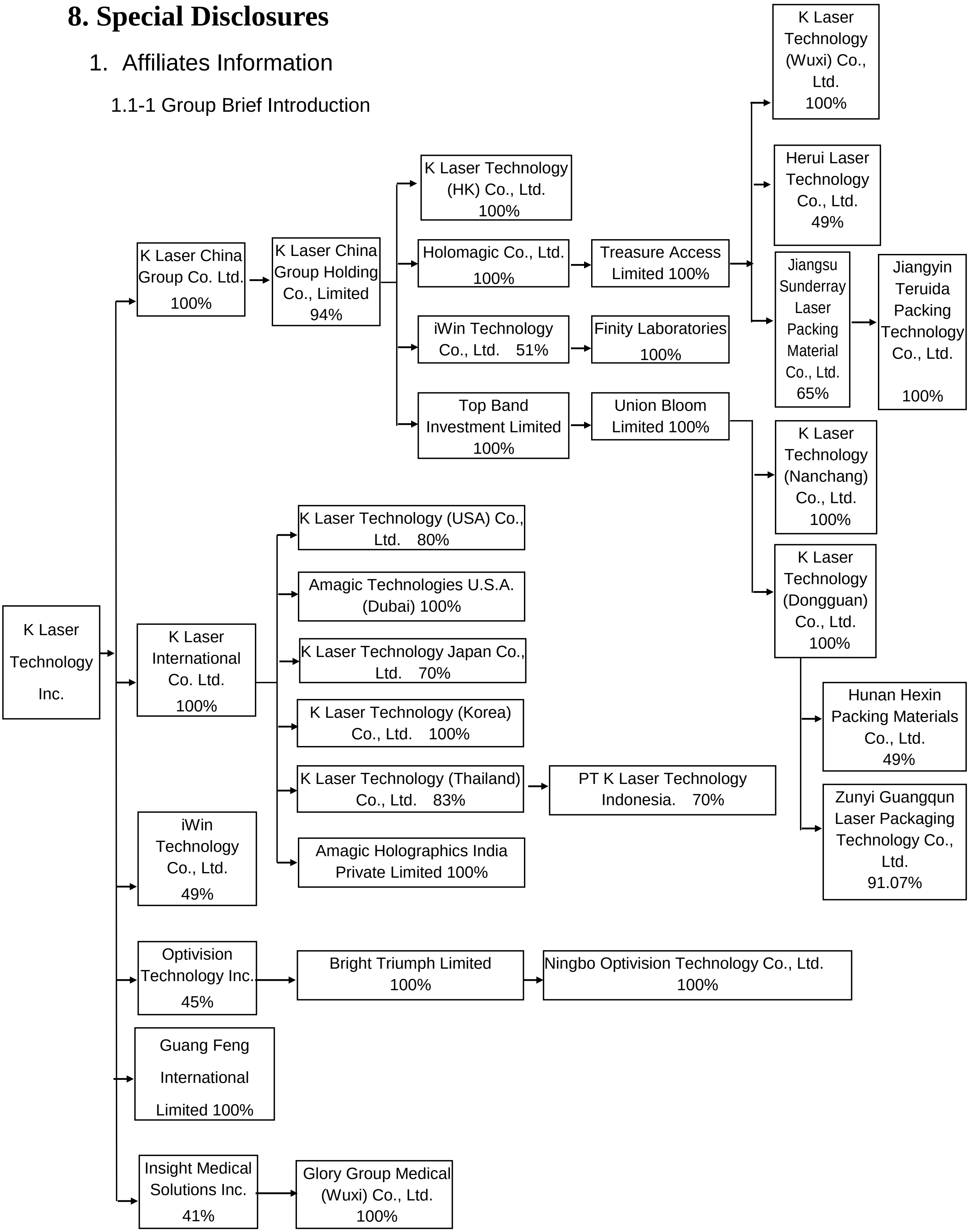
(13) Other important risks and countermeasures: None.

7. Other Material Events: None.

8. Special Disclosures

1. Affiliates Information

1.1-1 Group Brief Introduction



1.1-2 Background Information of the Affiliated Companies

Unit: Original $Thousands 2023/12/31

Entity	Date of Incorporation	Address	Capital		Main Operation or Business Items
K Laser China Group Co., Ltd.	2000/10/31	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	RMB$	373,458	Investment Business
K Laser China Group Holding Co., Limited	2008/01/03	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.	RMB$	269,376	Investment Business
iWin Technology Co., Ltd	2005/03/22	Jipfa Building, 3th Floor, Main Street, Road Town, Tortola, British Virgin Islands.	US$	6,430	Investment Business
Finity Laboratories	2001/11/16	922 San Leandro Ave., Suite D, Mountain View, California 94043 U.S.A..	US$	700	R&D of Holographic Technology
K Laser Technology (HK) Co., Ltd.	2000/06/28	No. 5, 1/F, Trust Centre, 912 Cheung Sha Wan Road, Kowloon, Hong Kong.	HK$	1,284	Sales of Holographic Products
Holomagic Co., Ltd.	2000/09/29	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	RMB$	112,440	Investment Business
Treasure Access Limited	2007/11/28	Unit 901, 9/F.,Times Tower, 928-930 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.	RMB$	65,024	Investment Business
K Laser Technology (Wuxi) Co., Ltd.	2000/12/29	#60Segmen, Changjiang road Wuxi New District Zone, Wuxi Jiangsu, China.	RMB$	126,339	Production and Sales of Holographic Products
Herui Laser Technology Co., Ltd.	2009/11/19	No.33, Huangxing Avenue, Xingsha Economic & Technical Development Zone, Changsha, Hu'nan, China	RMB$	51,800	Production and Sales of Holographic Products
Jiangsu Sunderray Laser Packing Material Co., Ltd.	2001/08/03	No. 285, Xicheng Road, Jiangyin City, China	RMB$	110,000	Production and Sales of Holographic Products
Jiangyin Teruida Packing Technology Co., Ltd.	2003/9/3	No. 285, Xicheng Road, Jiangyin City, China	RMB$	9,933	Production and Sales of Holographic Products
Top Band Investment Ltd.	2007/09/13	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands.	RMB$	173,364	Investment Business
Union Bloom Limited	2007/11/28	Unit 901, 9/F.,Times Tower, 928-930 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.	RMB$	221,116	Investment Business
K Laser Technology (Dongguan) Co., Ltd.	2001/09/07	Da Hsui Hu Area, Da Pian Mei Village, Daling Shang, Dong Guan City.	RMB$	165,621	Production and Sales of Holographic Products
K Laser International Co., Ltd.	2000/10/31	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US$	21,161	Investment Business
K Laser Technology (USA) Co., Ltd.	1993/02/18	3123 W. MacArthur Blvd. Santa Ana, CA ,USA.	US$	7,527	Sales of Holographic Products
Amagic Technologies U.S.A. (Dubai)	1996/12/03	Jebel Ali Free Zone RA/08 VA-05 P.O.Box 61306 Dubai, UAE..	AED$	5,326	Sales of Holographic Products
K Laser Technology Japan Co., Ltd.	2003/07/11	1-4-44, Atobehonmati, Yao City, Osaka Japan 581-0064	JPY$	96,000	Production and Sales of Holographic Products
K Laser Technology (Korea) Co., Ltd.	2002/08/26	464-1 Hyeongok-Ri, Cheongbuk-Myeon, Pyeongtak-City, Gyeonggi-Province, Korea 451-831	KRW$	3,385,200	Production and Sales of Holographic Products
K Laser Technology (Thailand) Co., Ltd.	1995/12/18	111/89 Moo 7 Bangchalong, Bangplee, Samutprakarn 10540, Thailand	THB$	112,200	Production and Sales of Holographic Products
PT. K Laser Technology Indonesia	2017/06/27	PUSAT NIAGA ROXY MAS Blok E2 No.44 JI. K.H. Hasyim Ashari 125, Cideng, Jakarta Pusat 10150	IDR$	13,806,270	Production and Sales of Holographic Products
Amagic Holographics India Private Limited	2003/07/11	B-74 Ambad MIDC Industrial Area, Ambad, Nashik 422010	INR$	109,156	Production and Sales of Holographic Products
Optivision Technology Inc.	2004/07/14	3F, No. 1, Li Hsin Rd. VI, Science-Based Industrial Park, Hsinchu, Taiwan30078, R.O.C.	NT$	587,196	Production and R&D of Optical Prism Film
Bright Triumph Limited	2008/03/26	Level 3, Alexander House, 35 Cybercity, Ebene,Mauritius	US $	7,914	Investment Business
Ningbo Optivision Technology Co., Ltd.	2008/05/28	N0.6 West Road Lushan Bonded Southern District,Ningbo Free Trade Zone	US$	5,258	Production of Optical Prism Film
Guang Feng International Limited	2005/3/31	Portcullis TrustNet Chambers P.O.Box 1225 Apia, SAMOA	US$	4,846	Investment Business
Guang Feng (Wuxi) Co., Ltd.	2005/12/08	No. 23, Changjiang Rd., Xinwu District, Wuxi, Wuxi, Jiangsu, China	RMB$	43,329	R & D and production of large LC projection displays and optical engines for displays, projection tubes, etc.
Insight Medical Solutions Inc.	2015/4/23	4F,No. 1, Li Hsin Rd. VI, Science-Based Industrial Park, Hsinchu, Taiwan30078, R.O.C.	NT$	252,500	R & D and sales of gastrointestinal endoscopy
Glory Group Medical (Wuxi) Co., Ltd.	2019/8/23	No. 35-107, Changjiang South Road, Xinwu District, Wuxi, China	RMB$	17,206	R & D and sales of gastrointestinal endoscopy

Entity	Date of Incorporation	Address	Capital		Main Operation or Business Items
K Laser Technology (Nanchang) Co., Ltd.	2023/3/16	Room K422, No. 18, Gaoxin 2nd Road, Nanchang Hi-Tech Industry Development, Nanchang City, Jiangxi Province, China.	RMB$	43,259	Production and Sales of Holographic Products
Hunan Hexin Packing Materials Co., Ltd.	2004/8/12	No.33, Huangxing Avenue, Xingsha Economic & Technical Development Zone, Changsha, Hu'nan, China	RMB$	18,600	Production and Sales of Holographic Products
Zunyi Guangqun Laser Packaging Technology Co., Ltd.	2023/12/31	34-1, 38-1, 39-1, 42-1, Phase II standard factory building, Zhujiang Road (Fenghua Industrial Park), Economic Development Zone, Fenghua Town, Xuyang County, Zunyi City, Guizhou Province, China	RMB$	20,000	Production and Sales of Holographic Products

1.1-3 Information Regarding Same Shareholders of Affiliated Companies Who Is Deemed to Have Control or Subject to Significant Influence：None

1.1-4 Directors, Supervisors, and Presidents of the Affiliated Companies

2023/12/31

Entity	Title	Name of the Representation	Shareholding	
			Shares	Holding (%)
K Laser China Group Co., Ltd. (KLCN)	Director (K Laser)	Alex Kuo	21,289,005	100%
K Laser China Group Holding Co., Limited (KLCG)	Director (KLCN)	Alex Kuo	89,096,401	94%
	Director (KLCN)	C. L. Kuo		
	Director (KLCN)	Vincent Tsai		
iWin Technology Co., Ltd	Director (K Laser)	Alex Kuo	157,545	49%
	Director (KLCG)	Alex Kuo	163,975	51%
Finity Laboratories	Director (iWin)	Alex Kuo	700,000	100%
K Laser Technology (HK) Co., Ltd.	Director (KLCG)	Alex Kuo	1,283,500	100%
	Director (KLCG)	Daniel Kuo		
Holomagic Co., Ltd.	Director (KLCG)	Alex Kuo	30,000	100%
Treasure Access Limited	Director (Holomagic)	Alex Kuo	10,000	100%
K Laser Technology (Wuxi) Co., Ltd.	Chairman (Treasure)	Daniel Kuo	-	100%
	Director (Treasure)	Alex Kuo		
	Director (Treasure)	C. L. Kuo		
Herui Laser Technology Co., Ltd.	Chairman(Hexin Packaging)	Zhi Wei Yi	-	51%
	Director (Hexin Packaging)	HaiBo LI		
	Director (Hexin Packaging)	C. L. Kuo		
	Director and Vice Chairman (Treasure)	Alex Kuo	-	49%
	Director (Treasure)	Daniel Kuo		
	Supervisor (Hoxin Packaging)	Wen Jie Huang	-	-
Top Band Investment Ltd.	Director (KLCG)	Alex Kuo	50,000	100%
Union Bloom Limited	Director (TOP)	Alex Kuo	10,000	100%
K Laser Technology (Dongguan) Co., Ltd.	Chairman (Union)	Daniel Kuo	-	100%
	Director (Union)	James Kuo		
	Director (Union)	C. L. Kuo		
	Supervisor	Mark Chen	-	-
K Laser International Co., Ltd.	Director (K Laser)	Alex Kuo	21,161,462	100%
K Laser Technology (USA) Co., Ltd.	Chairman (International)	Alex Kuo	6,500,000	80%
	Director (International)	Daniel Kuo		
	Director (Murata)	Shiro Murata	1,625,000	20%
	General Manager	Sammy Chen	-	-
Amagic Technologies U.S.A (Dubai)	Chairman (International)	Alex Kuo	-	100%
	Director & GM	Joseph Habchi	-	-
Amagic Holographics India Private Limited	Director (International)	Alex Kuo	10,915,954	100%
	Director (International)	Daniel Kuo		
	Director & GM	Joseph Habchi		

Entity	Title	Name of the Representation	Shareholding	
			Shares	Holding (%)
K Laser Technology Japan Co., Ltd.	Chairman (International)	Daniel Kuo	1,344	70%
	Director (International)	Alex Kuo		
	Director (International)	James Kuo		
	Director	Jun Murata	576	30%
	Director & GM	Shiro Murata		
	Supervisor	Yuusaku Soejima	-	-
K Laser Technology (Korea) Co., Ltd.	Chairman (International)	Daniel Kuo	677,040	100%
	Director (International)	Alex Kuo		
	Director (International)	Teresa Huang		
	Supervisor (International)	Vincent Tsai		
	GM (International)	Jacky Chen		
K Laser Technology (Thailand) Co., Ltd.	Chairman (International)	Alex Kuo	9,277,984	83%
	Director (International)	Daniel Kuo		
	Director	S. L. Yang	202,998	2%
	Director	Jennifer Fwu	-	-
	Director & GM	Simon Fwu	1,000,000	9%
PT K Laser Technology Indonesia	Director (KLTH)	Simon Fwu	266,000	70%
	Director	JULIANI HADISOEWONO	114,000	30%
Optivision Technology Inc.	Chairman	Daniel Kuo	417,023	0.71%
	Director (K Laser)	Teresa Huang	23,008,835	39.18%
	Director (K Laser)	Changhsien Chao		
	Director	Edward Kuo	51,372	0.09%
	Independent Director	Hao Kai Chen	-	-
	Independent Director	Chih Sheng Tseng	-	-
	Independent Director	Ta Kang Huang	-	-
	GM	Ken Yuan	253	-
Bright Triumph Limited	Director (Optivision)	Daniel Kuo	7,913,767	100%
Ningbo Optivision Technology Co.,Ltd.	Director (BTL)	Daniel Kuo	-	100%
	GM	Chi-Di Hung	-	-
Guang Feng Internation Limited	Director (K Laser)	Alex Kuo	4,845,810	100%
Insight Medical Solutions Inc	Chairman & GM	Alex Kuo	2,375,499	9.41%
	Director (K Laser)	Daniel Kuo	10,602,443	41.99%
	Director (K Laser)	Teresa Huang		
	Director	British Virgin Islands Shangderun Medical Biotechnology Holdings Limited	3,200,000	12.67%
	Director	Chia Yun Chen	423,000	1.68%
	Director	Chi Shih Lien	308,181	1.22%
	Supervisor	Vincent Tsai	131,000	0.52%
	Supervisor	C. L. Kuo	32,454	0.13%
Glory Group Medical (Wuxi) Co., Ltd.	Director (IMS)	Alex Kuo	-	100%-

<table>
<tr><th>Entity</th><th>Title</th><th>Name of the Representation</th><th colspan="2">Shareholding</th></tr>
<tr><td rowspan="7">Jiangsu Sunderray Laser Packing Material Co., Ltd.</td><td>Chairman & GM</td><td>Xuebin Zhang</td><td>13,000</td><td>0.02%</td></tr>
<tr><td>Director (Treasure)</td><td>Alex Kuo</td><td rowspan="3">52,000,000</td><td rowspan="3">65%</td></tr>
<tr><td>Director (Treasure)</td><td>Daniel Kuo</td></tr>
<tr><td>Director (Treasure)</td><td>C.L. Kuo</td></tr>
<tr><td>Director</td><td>Tan Tan Shen</td><td>-</td><td>-</td></tr>
<tr><td>Supervisor</td><td>Chun Lung Lai</td><td>-</td><td>-</td></tr>
<tr><td>Supervisor</td><td>Coger Yeh</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Jiangyin Teruida Packing Technology Co., Ltd.</td><td>Director</td><td>Xuebin Zhang</td><td>-</td><td>-</td></tr>
<tr><td>Supervisor</td><td>Na Shih</td><td>-</td><td>-</td></tr>
<tr><td rowspan="4">K Laser Technology (Nanchang) Co., Ltd.</td><td>Chairman (Union)</td><td>Alex Kuo</td><td>-</td><td rowspan="3">100%</td></tr>
<tr><td>Director (Union)</td><td>Daniel Kuo</td><td>-</td></tr>
<tr><td>Director (Union)</td><td>C.L. Kuo</td><td>-</td></tr>
<tr><td>Supervisor</td><td>Lisa Hsu</td><td>-</td><td>-</td></tr>
<tr><td rowspan="5">Hunan Hexin Packing Materials Co., Ltd.</td><td>Director (KLDG)</td><td>Alex Kuo</td><td>-</td><td rowspan="2">49%</td></tr>
<tr><td>Director (KLDG)</td><td>C.L. Kuo</td><td>-</td></tr>
<tr><td>Director (Hunan China Tobacco Investment Management Co., Ltd.)</td><td>Jianhua Mao</td><td>-</td><td rowspan="3">51%</td></tr>
<tr><td>Director (Hunan China Tobacco Investment Management Co., Ltd.)</td><td>Yi Liu</td><td>-</td></tr>
<tr><td>Director (Hunan China Tobacco Investment Management Co., Ltd.)</td><td>Jia Wang</td><td>-</td></tr>
<tr><td rowspan="3">Zunyi Guangqun Laser Packaging Technology Co., Ltd.</td><td>Director (KLDG)</td><td>C.L. Kuo</td><td>-</td><td rowspan="2">91.07%</td></tr>
<tr><td>Supervisor (KLDG)</td><td>Coger Yeh</td><td>-</td></tr>
<tr><td>GM</td><td>Weidong Guo</td><td>-</td><td>8.93%</td></tr>
</table>

1.1-5 Operating Highlights of the Affiliated Companies

Financial Status and Operating Results

Unit：NT$ Thousands 2023/12/31

Entity		Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income (After Tax)	EPS (NT$) (After Tax)
Optivision Technology Inc.(Note)		587,196	1,114,566	455,085	659,481	721,020	(251,916)	(298,604)	(5.64)
Optivision's subsidiary	BRIGHT TRIUMPH LIMITED	242,992	138,965	-	138,965	-	-	(2,257)	(0.29)
	Ningbo Optivision Technology Co., Ltd.	161,432	213,628	137,027	76,602	308,465	(2,409)	(2,142)	-
Insight Medical Solutions Inc.(Note)		252,500	145,900	23,831	122,069	17,627	(71,915)	(70,361)	(2.80)
IMS's subsidiary	Glory Group Medical (Wuxi) Co., Ltd.	76,763	43,969	599	43,370	-	(11,919)	(11,784)	(4,713.50)
Guang Feng International Ltd.		148,791	11,891	45	11,847	-	(64)	(3,541)	(0.73)
iWin Technology Co.,Ltd		197,445	7,708	-	7,708	-	(52)	(14,973)	(46.57)
Finity Laboratories		21,494	-	-	-	-	(1)	(14,677)	(20.97)
K Laser International Co., Ltd.		649,763	853,154	-	853,154	-	(84)	38,074	1.80
K Laser Technology (USA) Co., Ltd.		231,114	503,883	162,014	341,869	784,271	42,815	2,088	0.26
K Laser Technology Japan Co., Ltd.		20,851	253,577	124,631	128,947	360,442	27,151	13,787	7,180.88
K Laser Technology (Korea) Co., Ltd.		80,906	77,871	8,490	69,382	91,208	8,430	9,027	13.33
K Laser Technology (Thailand) Co., Ltd.		101,171	384,702	73,691	311,010	200,392	12,544	11,852	1.05
PT. K Laser Technology Indonesia		27,613	28,859	0	28,859	86	(400)	362	0.95
Amagic Technologies U.S.A. (Dubai) Ltd.		44,574	197,918	80,686	117,232	124,953	4,100	3,255	-
Amagic Holographics India Private Limited		40,355	16,353	7,522	8,831	-	(1,250)	(1,105)	(0.10)
K Laser China Group Co., Ltd.		1,615,951	2,471,725	-	2,471,725	-	(88)	92,005	4.32
K Laser China Group Holding Co., Ltd.		1,165,589	2,593,280	3,199	2,590,081	-	(250)	84,130	0.89
K Laser Technology (H.K.) Co., Ltd.		5,043	56,286	20,869	35,416	153,058	9,943	9,848	7.67
Top Band Investment Ltd.		750,148	1,390,608	-	1,390,608	-	(41)	92,563	1,851.26
Union Bloom Co., Ltd.		956,770	1,422,336	44,294	1,378,042	-	(115)	92,602	9,260.18
K Laser Technology (Dongguan) Co., Ltd.		716,642	1,657,588	410,889	1,246,699	1,244,999	153,865	119,088	-
Holomagic Co., Ltd.		486,527	1,163,272	-	1,163,272	-	(61)	(8,403)	(280.09)
Treasure Access Co., Ltd.		281,357	1,369,916	217,869	1,152,047	37,591	(2,822)	(8,546)	(854.60)
K Laser Technology (Wuxi) Co., Ltd.		546,669	834,443	231,190	603,253	585,366	(12,532)	(15,551)	-
Herui Laser Technology Co., Ltd.		224,139	792,362	477,125	315,237	911,597	513	17,637	-
Jiangsu Sunderray Laser Packing Material Co., Ltd. (Note)		475,970	810,231	312,946	497,286	604,236	(10,856)	389	-
Jiangsu Sunderray's subsidiary	Jiangyin Teruida Packing Technology Co., Ltd.	42,980	80,226	32,855	47,372	4,547	(4,269)	(5,534)	-
K Laser Technology (Nanchang) Co., Ltd.		187,182	254,826	79,275	175,551	-	(11,677)	(11,631)	-
Zunyi Guangqun Laser Packaging Technology Co., Ltd.		86,540	125,929	55,563	70,367	-	(15,266)	(16,174)	-
Guang Feng (Wuxi) Co., Ltd		187,485	110,208	67,644	42,564	234,210	(12,295)	(13,111)	(0.30)

Note: The figure of Optivision Technology Inc., Insight Medical Solutions Inc., and Jiangsu Sunderray Laser Packing Material Co., Ltd. regarding assets, liabilities and profit/loss include their subsidiaries' assets, liabilities and profit/loss

Exchange Rate：

$ 1 USD=$ 30.7050 NT	$ 1 IDR=$ 0.0020 NT	$ 1 JPY=$ 0.2172 NT
$ 1 HKD=$ 3.9290 NT	$ 1 RMB=$ 4.3270 NT	$ 1 AED=$ 8.3685 NT
$ 1 THB=$ 0. 9017NT	$ 1 KRW=$ 0.0239 NT	$ 1 INR =$ 0.3697 NT

1.2 Consolidated Financial Statements: Please refer to the Consolidated Financial Statements.

2. Private Placement Securities in the Most Recent Years：None

3. K Laser Shares Held or Sold by its Subsidiaries：None

4. Other Necessary Supplements：None

9. Major items to affect equity or stock price

Major Items to Affect Equity or Stock Price：None

光群雷射科技股份有限公司
K LASER TECHNOLOGY INC.

負責人 / Chairman：郭維武 / Alex Kuo

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