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

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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**				
	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

Code		Ordinary Shares	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Other Equity: Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity: Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity: 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.

<u>Amendments to IAS 8 “Definition of Accounting Estimates”</u>

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.

<u>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")"</u>

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:

Name of Subsidiary	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 (%)
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
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
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
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	-	-

(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 Number of Shares (In Thousands)	December 31, 2022 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		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.

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.