

Stock Code: 3163



波若威科技股份有限公司

Browave Corporation

2023 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Printed on March 31, 2024

The annual report can be accessed at <http://mops.twse.com.tw>

The Company's website: <http://www.browave.com>

1. Name, title, contact telephone number and e-mail address of the spokesperson and acting spokesperson

Name of spokesperson: Chang Wen-Qiao

Title of spokesperson: Vice President of Marketing and Sales Department

Telephone number of spokesperson: (03) 563-0099

E-mail address: George.Chang@browave.com

Name of acting spokesperson: Huang Shu-Jun

Title of acting spokesperson: Assistant VP, Finance and Accounting Department

Telephone number of acting spokesperson: (03) 563-0099

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2. Address and telephone number of head office, branch, and plant

Head office address: 3F, No.30, Industry East Road IX, Hsinchu Science Park, Hsinchu County, Taiwan, R.O.C.

TEL: (03)563-0099

3. Name, address, website, and telephone number of the stock transfer agency

Name: Stock Administration Department, KGI Securities Co., Ltd.

Address: 5F, No. 2, Section 1, Chongqing South Road, Zhongzheng District, Taipei City

TEL: (02) 2389-2999

Website: <http://www.kgiworld.com.tw>

4. Name, firm, address, website, and telephone number of the CPAs attesting the most recent annual financial statements

CPA name: Liu Chien-Yu, Hsieh Chih-Cheng

Name: PwC Taiwan

Address: 27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City

TEL: (02) 2729-6666

Website: <http://www.pwc.tw>

5. The names of any exchanges where the Company's securities are listed offshore, and the method by which to access information on the offshore securities: None

6. Company website: <http://www.browave.com>



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I. Letter to Shareholders

1. 2023 Business Results

- (1) Implementation results of business plan:
Net sales in 2023 decreased 13% year over year to NT\$ 2.78 billion. Browave generated net income of NT\$ 436 million, or NT\$ 5.63 per share, in 2023.
- (2) State of 2023 budget implementation:
This item is not applicable since Browave Corporation has not disclosed any financial forecasts.
- (3) Financial receipts and expenditures and profitability

(In NTD thousands, except share amounts)

	FY2023	FY2022
Results of Operations		
Net sales	2,779,058	3,210,572
Gross profit	556,418	794,961
Operating income	240,922	473,812
Net income	435,782	451,583
Profitability		
Return on Assets %	12.68	14.64
Return on Equity %	18.05	22.44
Profit before Interest & Taxes %	65.27	77.92
Profit margin %	15.68	14.07
Earnings per share (Basic)	5.63	6.00

- (4) Research and Development:
Regarding for 800G optical transceiver, Browave has implemented automated optical component packaging technology, which can be applied to related products such as DR8 and 2xFR4. At the same time, the company is also committed to the development of miniaturized optical products, and is currently in the active preparation stage for production. Moreover, Browave is further expanding its layout to establish upstream and downstream integration of the entire pluggable module product, including coordinating with customers to develop OSA packaging processes for OSFP, and collaborating with partners to carry out a series of product process integrations such as SMT, Die Bond/Wire Bond for chips and PCBA. Through these integrations, Browave will be able to meet the diverse needs of customers.

Browave also caters to various applications of OBO/CPO. In addition to developing new uses for fiber arrays, we have also added plug-and-play optical couplers for OBO/CPO OIO. These are customized for PIC designs according to customer needs and are currently undergoing sample verification. Furthermore, Browave has also developed designs and assembly techniques for External Laser Source (ELS) used in CPO. We have further expanded and strengthened our testing and monitoring capabilities for electrical interfaces while enhancing the infrastructure for anti-static environments. This is to ensure the performance and stability of laser-related product packaging.

With the development of the market, traditional packaging and testing outsourcing applications also increasingly require optical assembly capabilities. In terms of the development of automation technology, after completing the automation of the main processes, Browave has begun to collaborate with

partners to develop automated in and out processes for miniature component materials. It is expected that after completing the automation of each station, it will be able to connect with other stations to achieve the automation of the entire production line.

2. Business Plan for 2024

Guidance:

The growth in 2024 is expected to be mainly driven by deployments in 3 major application fields, 400G/ 800G products in the AI server, next generation PON, and next generation CATV.

- (1) The application of 400G/800G Fiber Harness products in AI servers, with high-speed optical transceiver platforms as the main business development focus, is switching to 200G products. The main volume is focused on single-mode platforms (DR-) and multi-mode platforms (SR-), with a market focus on North America.
- (2) The custom Jumper/Cable product group for 400G/800G applications in AI servers is focused on multi-mode/single-mode platforms as the main business development axis. It is currently transitioning to 200G products, with main volume focusing on multi-mode platforms (MM) and some single-mode platforms (SM).
- (3) Next-generation PON/FTTH products, with 10G PON as the main platform, include demand for WDM optical modules as well as Branch optical modules. In addition to products for urban deployment with high channels (such as 1x64), there is also a focus on products for rural deployment with low channels (such as 1X8+Tap) as key operational projects for this year.
- (4) Next-generation CATV products are seeing an increase in demand for WDM/Branch optical modules due to cable television Multiple System Operators (MSOs) upgrading their Hybrid Fiber-Coaxial (HFC) networks to DOCSIS 4.0 to compete with telecommunications companies. This upgrade enables bandwidth to increase to 10Gbps, with a primary focus on DWDM modules.

3. Competition, Government Regulations, and Macroeconomic Environment

In 2024, the overall economic situation shows a conservative trend. In the first half of the year, customers continued to adjust inventory policies and delay orders, resulting in ongoing conservative demand. Particularly in the traditional telecommunications industry, there was a noticeable downturn in overall demand, with end customers eager to reduce inventory and postpone orders. However, influenced by the demand for AI computing power, the 800G optical module product group related to data centers is expected to enter a phase of volume growth, which is expected to boost revenue.

4. 2023 outlook

Browave will focus on the following segments:

- (1) Customized Cables for 400G/800G AOC for AI server.
- (2) 400G/800G Fiber Harness products for AI server.
- (3) WDM and Branch products for Next-Gen PON Upgrade.
- (4) WDM products for Next-Gen CATV Upgrade.

Browave team will conduct the business with the utmost integrity and effort to achieve the Company's continued growth.

Chairperson: Cheng Wann-Lai
Managerial Officer: Hwang Yu-Wen
Accounting Officer: Huang Shu-Jun

II. Company Profile

1. Date of Establishment: May 18, 1998

2. Company History

YEAR	IMPORTANT MILESTONES
1998	
MAY	The Company was established with a capital of NTD 51,000,000.
AUGUST	Completed the first stage of plant establishment and officially started the construction on August 8 (the plant is located at Bade Road, Hsinchu City).
SEPTEMBER	Obtained the first customer's supplier certification. Increased capital by cash to NTD 120,000,000.
1999	
APRIL	Some products passed Bellcore's environmental and stability test specifications.
JUNE	The pump combiner development plan received a grant from the Ministry of Economic Affairs to encourage SMEs to develop new technologies.
JULY	Obtained approval to move into the Science Park.
AUGUST	Increased capital by cash to NTD 180,000,000. Received ISO 9001 certification from RWTÜV, a German certification company.
2000	
MAY	Increased capital by cash to NTD 280,000,000.
JULY	Established Zhongshan Plant in Guangdong and started operation.
OCTOBER	Formally introduced the mass production of new products such as 3-port CWDM, 100GHz/200GHZ OADM, 200GHz 4ch/8ch DWDM, etc.
2001	
FEBRUARY	Increased capital by cash and capital surplus to NTD 585,000,000.
JUNE	Guangdong Zhongshan Plant officially passed the annual audit of ISO 9000 by RWTUV.
JULY	Increased capital by cash to NTD 825,000,000.
DECEMBER	Held the first Zhongshan optical fiber communication seminar.
2002	
FEBRUARY	Certified by IECQ as a reliability test laboratory.
2003	
JANUARY	Became a major supplier of optical coupler products to the Japanese FTTH market.
FEBRUARY	Gain Block products were officially taken into mass production and entered the Japanese market.
APRIL	EDFA module products are officially taken into mass production and entered the Japanese market.
OCTOBER	Compact ADF passed Telcordia certification (green product).
2004	
APRIL	Awarded the 2nd Optical Communication Elite Award for outstanding products.
JUNE	Became a major supplier of FWDM filter for FTTH GE-PON network in Japan.

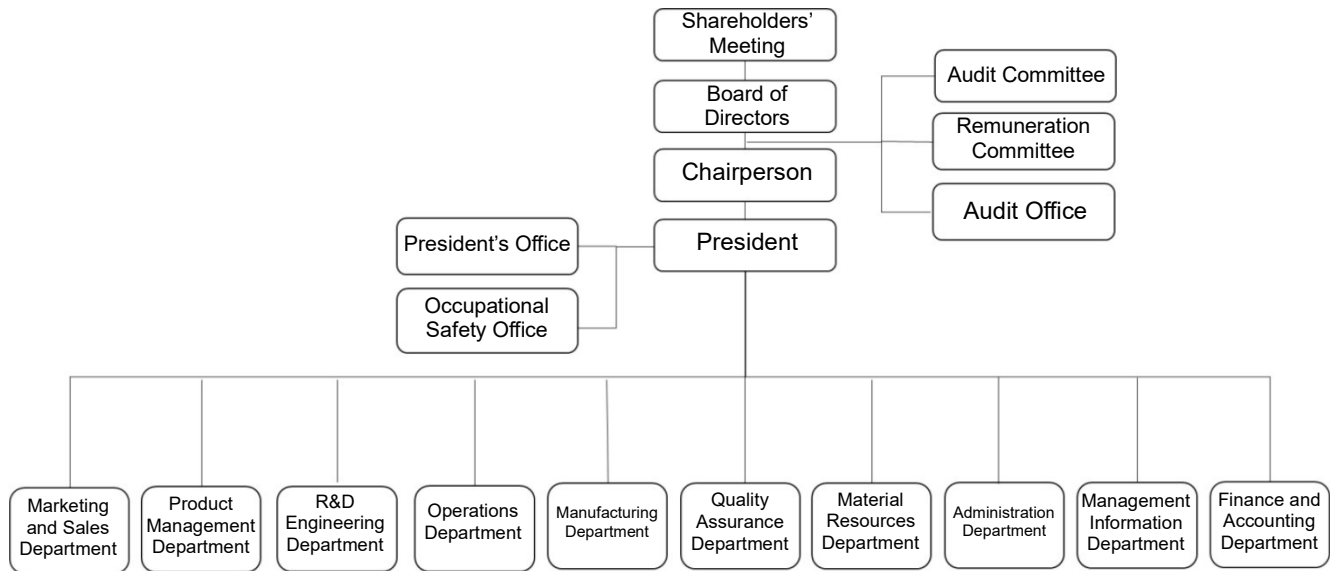
YEAR	IMPORTANT MILESTONES
2005	
JULY	Achieved mass production of TFF series of thin film filters that meet the requirements of green environment.
2006	
JANUARY	Browave's Zhongshan Plant passed RWTUV ISO 14001 certification.
	PLC Splitter products were officially taken into mass production.
DECEMBER	Started mass production of 40ch AWG Module products.
2007	
JUNE	Achieved RoHS 6 compliance for all optical fiber passive components.
AUGUST	Passed TL-9000 certification.
OCTOBER	The shareholders' meeting approved the capital reduction proposal. After the capital reduction, the capital amount was NTD 546,810,000.
2008	
JANUARY	Started mass production of MPO and MTP patch cables for the data transmission and storage industry.
2009	
MARCH	Started contract production of ROADM.
MAY	PLC optical splitter and optical fiber connector products were certified by China Telecommunication Technology Labs.
OCTOBER	CATV-EDFA passed the inspection and certification of China's National Radio and Television Administration.
2010	
MARCH	IPD passed U.S. customer verification and was introduced into mass production.
2011	
MARCH	Complex Module was certified by system vendor and introduced into mass production.
SEPTEMBER	Approved by the Securities and Futures Bureau for public offering.
	Employee stock warrants were converted into common stock and the paid-in capital amounted to NTD 552,985,000.
NOVEMBER	Approved stock trading on the emerging market.
2012	
JANUARY	Passed NRTL/Intertek product safety certification by North American system operators.
MARCH	Compact CWDM was certified by system vendor and introduced into mass production.
APRIL	Employee stock warrants were converted into common stock and the paid-in capital amounted to NTD 564,846,000.
JUNE	Employee stock warrants were converted into common stock and the paid-in capital amounted to NTD 570,171,000.
AUGUST	Employee stock warrants were converted into common stock and the paid-in capital amounted to NTD 572,175,000.
SEPTEMBER	Increased capital from earnings to NTD 623,689,650.
DECEMBER	Officially listed on the TPEX.
	Increased capital by cash of NTD 59,240,000 with paid-in capital reaching NTD 682,929,650 upon listing on the TPEX.

YEAR	IMPORTANT MILESTONES
2013	
JULY	Issued the first domestic unsecured convertible bonds, totaling NTD 200,000,000
AUGUST	Invested in Browave Japan Corporation
DECEMBER	Convertible bonds were converted into common stock and the paid-in capital amounted to NTD 709,770,000.
2014	
APRIL	Convertible bonds were converted into common stock and the paid-in capital amounted to NTD 710,158,760.
SEPTEMBER	Convertible bonds were converted into common stock and the paid-in capital amounted to NTD 716,176,840.
NOVEMBER	Employee stock warrants were converted into common stock and the paid-in capital amounted to NTD 717,127,840.
2015	
APRIL	Employee stock warrants were converted into common stock and the paid-in capital amounted to NTD 718,381,090.
SEPTEMBER	Employee stock warrants were converted into common stock and the paid-in capital amounted to NTD 729,210,640.
NOVEMBER	Convertible bonds were converted into common stock and the paid-in capital amounted to NTD 729,265,000.
2016	
SEPTEMBER	Issued the first employee restricted stocks rights, with paid-in capital of NTD 744,264,810.
2017	
FEBRUARY	Data center application for optical transceiver key component platform development.
AUGUST	Received BSI ISO 14001 certification.
2018	
JUNE	Passed BSI TL9000 R6.0 and ISO 9001:2015 revision certification.
AUGUST	Convertible bonds were converted into common stock and the paid-in capital amounted to NTD 753,003,990.
2019	
SEPTEMBER	CWDM MDM was approved by customer and introduced into mass production.
2020	
JANUARY	100G/400G optical module used in data center module passed customer certification.
AUGUST	Compact DWDM (CDWDM) module with 12 channels passed customer certification and system testing.
OCTOBER	Issued the second domestic unsecured convertible bonds, totaling NTD 300,000,000.
2022	
AUGUST	Invested in Browave (Philippines) Corporation.
2023	
NOVEMBER	Convertible bonds were converted into common stock and the paid-in capital amounted to NT\$805,407,410.

III. Corporate Governance Report

1. Organizational System

(1) Organizational Structure



(2) Business of Major Departments

Name of Department	Major Responsibilities
President's Office	(1)Responsible for the development of the Company's vision, business strategies and operating policies. (2)Establish the Company's goal management system to guide the work of all departments to achieve the Company's overall goals.
Audit Office	(1)Assist in establishing an effective internal control system, business, and operating regulations. (2)Perform audits on the Company's business, finance, risk control and compliance with laws and regulations, and to make recommendations for improvement in the implementation of internal controls. (3)Establish the content and procedures of self-audit and evaluation of the internal control system, and supervise and review the regular implementation of self-audits by each unit.
Marketing and Sales Department	Execution, supervision and management of sales plans, interdepartmental coordination and integration, price negotiations, establishment of purchase and sale terms, and management of accounts receivable, confirmation and supervision of customer requests, analysis and execution of market competition strategies, and management of finished goods promotion plans and benefits.
Product Management Department	Responsible for managing product revenue, cost and profitability, managing new product projects, coordinating and integrating internal resources, serving customer engineering windows, and evaluating new product specifications.
R&D Engineering Department	Development of new designs, new products and new processes, manufacturing technology transfer, selection and judgment and incoming material management, trial execution, guidance, supervision and evaluation of work process, defect analysis support, cost reduction promotion management, customer product technology response and sales support.
Operations Department	Responsible for the management of overseas production base operations.
Manufacturing Department	(1)Execution and promotion of production innovation, execution and promotion management of yield rate improvement, and execution and management of manufacturing engineering improvement. (2)Personnel planning, personnel training, process yield management and improvement, material and work in process storage management, manufacturing cost management, RMA implementation and analysis. (3)Equipment maintenance and management, plant facility management, environmental measurement and monitoring, new product mass production equipment planning and introduction, equipment utilization improvement.
Quality Assurance Department	(1)Quality assurance operation target setting, quality inspection and improvement, customer complaint handling and analysis, prevention, and correction measures. (2)Customer plant audits, ISO audits responses, guidance and management of outsourced manufacturers, quality confirmation and reliability testing, analysis and management, investigation of manufacturing obstacles and customer complaints, and implementation of countermeasures.

Name of Department	Major Responsibilities
Material Resources Department	<p>(1)Material preparation, production scheduling, and shipment plan to meet customer needs.</p> <p>(2)Inventory management and incoming material control to improve material turnover and make full use of company resources.</p> <p>(3)Import/export and bonding operations management to ensure effective control and execution of import/export operations, compliance with customs regulations and customer satisfaction with delivery schedules.</p> <p>(4)Production material procurement, evaluation, import execution, etc., production material subcontractor investigation, evaluation, management and maintenance, regular cost bargaining to reduce the purchase price.</p> <p>(5)Production material procurement data archive, management and maintenance, the handling of incoming material quality and quantity abnormalities and material shortage, the implementation of the Company's import affairs and the preparation of documents, the control of incoming material timing and safe quantity management, and inventory control.</p>
Administration Department	<p>(1)Planning of personnel related systems, management and supervision of recruitment and appointment, management and supervision of attendance and payroll, design and supervision of various education and training, performance management, employee insurance and employee relations, etc.</p> <p>(2)General affairs of the Company, liaison and supervision of plant affairs, arrangement and supervision of repair and maintenance work, management, allocation and supervision of plant assets, supervision and improvement of safety, health affairs, and other overall needs and planning management of the Company.</p>
Occupational Safety Office	Definition of standards and plan related to labor safety and health affairsandtheir implementation, supervision, and improvement.
Management Information Department	Management of computer software and hardware procurement, information-related equipment and server rooms, management of system software and hardware usage and maintenance operations, execution, maintenance, management and support of company information systems, access control and security control of data, data restoration and backup management, and management of information system customized report program design.
Finance and Accounting Department	Review of accounting certificates, preparation of financial statements, fund allocation, budget preparation, tax planning, stock affairs operations, provision, and analysis of financial and management information.

2. Information on Directors, President, Vice President, Assistant VP, and Officers of Departments and Branches

(1) Information on the Members of the Board of Directors

1. Board members:

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term of Office (years)	First Elected Date	Shareholding When Elected		Shareholding at Present		Shareholding of Spouse and Minor Children now		Shareholding in the Name of Others		Major Experience (education)	Concurrent positions in the Company and other companies now	Spouse or Relatives Within Second Degree of Kinship Who Are Officers, Directors, or Supervisors of the Company		
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship
Chairperson	R.O.C.	Cheng Wann-Lai	Male 71-80 years old	2023.6.19	3	2007.6.14	1,770,083	2.35%	1,770,083	2.2%	0	0%	0	0%	Department of Business Administration, Fu Jen Catholic University	Chairperson, Browave Holding Inc. Corporate director representative, Bioengine Technology Development Inc. Corporate director representative, LUMOSA THERAPEUTICS CO. LTD. Corporate director representative, Glac Biotech Co., Ltd.	None	None	None
Director	R.O.C.	Chen Yu-Liang	Male 71-80 years old	2023.6.19	3	1998.4.30	2,176,090	2.89%	2,176,090	2.7%	0	0%	0	0%	Department of Electrical Engineering, National Taiwan University	Director, Spirox Corp. Director, RDC SEMICONDUCTOR CO., LTD. Director, Taiwan Oasis Technology Co., Ltd. Independent director, Wistron Corporation	None	None	None
Director	R.O.C.	National Development Fund, Executive Yuan	Not Applicable	2023.6.19	3	2001.9.20	3,033,125	4.03%	3,033,125	3.77%	0	0%	0	0%	None	None	None	None	None
		Corporate representative Teng, Wei-Chung	Male 51-60 years old	2023.6.19	3	2023.6.19	0	0%	0	0%	0	0%	0	0%	Doctor of Engineering, The University of Tokyo Commissioner of the National Communications Commission Director and Secretary-General of the Taiwan Alumni Association of the University of Tokyo	Professor and Department Chair, Taiwan University of Science and Technology, the Department of Computer Science and Information Engineering Vice Dean, Taiwan University of Science and Technology of the College of Electrical Engineering and Computer Science. Director of Human Resources, The Asia Silicon Valley Project	None	None	None
Director	R.O.C.	Hwang Yu-Wen	Male 51-60 years old	2023.6.19	3	2017.6.20	422,018	0.56%	389,018	0.48%	0	0%	0	0%	Master of Science in Optoelectronics, National Yang Ming Chiao Tung University Section Chief, ELECTRONIC & OPTOELECTRONIC SYSTEM RESEARCH LABORATORIES/INDUSTRIAL TECHNOLOGY RESEARCH INSTITUTE	President, Browave Corporation Director, Browave ZhongShan Corporation Director, Browave (Philippines) Corporation	None	None	None
Director	R.O.C.	Wu Jin-Hong	Male 61-70 years old	2023.6.19	3	2015.6.24	153,111	0.2%	80,111	0.11%	0	0%	0	0%	Electrical Engineering, Chin-Yi Institute of Technology Production Chief, Microelectronics Technology, Inc.	Chairperson, Browave ZhongShan Corporation	None	None	None
Director	R.O.C.	Wu Yu-Chun	Male 71-80 years old	2023.6.19	3	2020.6.18	0	0%	0	0%	0	0%	0	0%	Master of Advanced Public Administration, National Taiwan University President, TPEx	Independent director, Yuanta Securities Co., Ltd. Independent director, Yuanta Futures Co., Ltd. Independent director, Jing-Jan Retail Business Co.	None	None	None

March 23, 2024; Unit: Share

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term of Office (years)	First Elected Date	Shareholding When Elected		Shareholding at Present		Shareholding of Spouse and Minor Children now		Shareholding in the Name of Others		Major Experience (education)	Concurrent positions in the Company and other companies now	Spouse or Relatives Within Second Degree of Kinship Who Are Officers, Directors, or Supervisors of the Company		
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship
Independent director	R.O.C.	Lin Chien-Chih	Male 51-60 years old	2023.6.19	3	2019.6.6	0	0%	0	0%	0	0%	0	0%	J.D., University of London, UK Chairperson, Financial Ombudsman Institution Executive Officer, Master Program of International Business Administration, National Chengchi University Chair, Department of Risk Management and Insurance, National Chengchi University	Professor, Department of Risk Management and Insurance, National Chengchi University Chairperson, Ji Yun Insurance Culture and Education Foundation Chairperson, Taiwan Insurance Law Association Vice Chairperson, Insurance Society of the The Republic of China Director, Association Internationale de Droit des Assurance Independent director, Taiwan Life Insurance Co., Ltd. Independent director, Yuanta Securities Co., Ltd.	None	None	None
Independent director	R.O.C.	Meng Ching-Li	Male 61-70 years old	2023.6.19	3	2020.6.18	0	0%	0	0%	0	0%	0	0%	President, Taiwan Depository & Clearing Corporation	Director, Jinan Acetate Chemical Co., LTD.	None	None	None
Independent director	R.O.C.	Fang Pei-Hua	Female 51-60 years old	2023.6.19	3	2020.6.18	0	0%	0	0%	0	0%	0	0%	President of Taiwan, SCOR Reinsurance Company (Asia) Limited Vice President of Taiwan Branch, Swiss Re-insurance Company	None	None	None	None

Note 1: The table shows the information on directors in service as of the date of publication of the annual report.

Major Shareholders of Corporate Shareholders

March 23, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
National Development Fund, Executive Yuan	Non-corporate organizations. Not applicable.

2. Disclosure of information on specialized qualifications and independence of independent directors

Criteria Name	Professional Qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual Is Concurrently Serving as an Independent Director
Chairperson Cheng Wann-Lai	More than five years of working experience in commerce, finance, and corporate business, and currently Chairperson of the Company and the corporate representative of several companies. No circumstances under Article 30 of the Company Act.	Not Applicable	0
Director Chen Yu-Liang	More than five years of working experience in commerce, finance, and corporate business, and is currently Director of several listed companies. No circumstances under Article 30 of the Company Act.		1
Director Representative of National Development Fund, Executive Yuan: Teng, Wei-Chung	More than five years of specialized experience as a professor at public and private universities in departments relevant to business and corporate operations, and specialized industry knowledge; currently, director of the Joint Research Center for Display Technology, National Yang Ming Chiao Tung University. No circumstances under Article 30 of the Company Act.		0
Director Wu Jin-Hong	More than five years of experience in commerce, finance and corporate business, and extensive industry experience; currently Vice President of the Company and formerly the Production Chief of Microelectronics Technology, Inc. No circumstances under Article 30 of the Company Act.		0
Director Hwang Yu-Wen	More than five years of working experience in commerce, finance, and corporate business, and currently President of the Company. Formerly the person in charge of Optoplex Corporation with extensive industry experience and judgment of global specialized market competitions. No circumstances under Article 30 of the Company Act.		0
Director Wu Yu-Chun	More than five years of working experience in commerce, finance, and corporate business, and currently an independent director of Yuanta Securities Co., Ltd., and Independent director of Yuanta Futures Co., Ltd., and Independent director, Jing-Jan Retail Business Co. Work experience: served as Team Leader and Director Secretary of the Securities and Futures Commission, Ministry of Finance, Deputy Director of the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan, President of the Taipei Exchange, and Chairperson of Master Link Securities Investment Advisory Co. Ltd. No circumstances under Article 30 of the Company Act.		3

Criteria Name	Professional Qualifications and Experience	Status of Independence	Number of Other Public Companies in Which the Individual Is Concurrently Serving as an Independent Director
Independent director Lin Chien-Chih	More than five years of experience in commerce, finance, and corporate business, and specializing in the field of law and currently a professor in the Department of Risk Management and Insurance, National Chengchi University No circumstances under Article 30 of the Company Act.	The independent directors of the Company are in compliance with Paragraphs 1-9, Article 3 of the "Regulations Governing Appointment of Independent	2
Independent director Meng Ching-Li	More than five years of experience in commerce, finance, and corporate business, formerly the President of Taiwan Depository & Clearing Corporation No circumstances under Article 30 of the Company Act.	Directors and Compliance Matters for Public Companies". (Note)	0
Independent director Fang Pei-Hua	More than five years of working experience in commerce, finance, and corporate business. Formerly the President of SCOR Reinsurance Company (Asia) Limited, Vice President of Swiss Re-insurance Taiwan Branch, and Actuarial Assistant VP of MetLife Taiwan Branch No circumstances under Article 30 of the Company Act.		0

Note:

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates.
- (3) Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children, or others.
- (4) Not a managerial officer under (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship under (2), (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder directly holding 5% or more of the total number of issued shares of the Company, or among the top 5 in shareholdings, or designating its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act.
- (6) Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.
- (7) Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, general manager, or equivalent positions of the Company.
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.
- (9) Not a specialized, sole proprietor, partner, owner of a company or institution, director, supervisor, managerial officer, or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NTD 500,000.

3. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

In accordance with Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity should be considered for the composition of the Board of Directors and its members should generally possess the knowledge, skills, and qualities necessary to perform its duties. In order to achieve the desired objectives of corporate governance, it is desirable that the Board of Directors as a whole have the following competencies: 1. The ability to make judgments about operations. 2. Accounting and financial analysis ability. 3. Business management ability. 4. Crisis management ability. 5. Industry knowledge. 6. International market perspective. 7. Leadership ability. 8. Decision-making ability.

The implementation status is as follows:

Core Diversity Items Title/Name		Gender	Part-time Employee	Term of Directors Office (years)				Judgments About Operations	Accounting and Financial Analysis Ability	Business Management	Crisis Management	Industry Knowledge	International Market Perspective	Leadership Ability	Decision-making Ability
				<3	3~6	6~9	>9								
Chairperson	Cheng Wann-Lai	Male					V	V	V	V	V	V	V	V	V
Director	Chen Yu-Liang	Male					V	V	-	V	V	V	V	V	V
Director	National Development Fund, Executive Yuan	-					V	V	-	V	V	V	V	V	V
	Representative: Teng, Wei-Chung	Male		V											
Director	Hwang Yu-Wen	Male	V			V		V	-	V	V	V	V	V	V
Director	Wu Jin-Hong	Male					V	V	-	V	V	V	V	V	V
Director	Wu Yu-Chun	Male			V			V	V	V	V	-	V	V	V
Independent Director	Lin Chien-Chih	Male			V			V	V	V	V	-	V	V	V
Independent Director	Meng Ching-Li	Male			V			V	V	V	V	-	V	V	V
Independent Director	Fang Pei-Hua	Female			V			V	V	V	V	-	V	V	V

The specific management objectives of the Board's diversity policy and their achievement are as follows:

Management Objectives	Achievement
The number of directors who are also managerial officers should not exceed one-third of the number of directors	Achieved
There is at least one female member in the Board of Directors	Achieved
No independent directors have served more than three terms	Achieved

- (2) Independence of the Board of Directors: The 9th Board of Directors is composed of 9 directors, including 3 independent directors, accounting for 33% of the total board members. They are outstanding individuals with rich professional

practical experience, leadership decision-making, and industry knowledge. The three independent directors have expertise in legal, financial accounting, and business management backgrounds respectively. Their tenure is as follows: 3 director have been in office for less than 6 years. Mr. Lin Chien-Chih was graduated with a PhD in Law from the University of London, currently serves as a professor in the Department of Risk Management and Insurance at National Chengchi University, Mr. Meng Ching-Li once served as the General Manager of the Taiwan Depository & Clearing Corporation, and Ms. Fang Pei-Hua once served as the General Manager of the French Reinsurance Taiwan Branch. The six directors each possess expertise in finance, technology, and industrial marketing, implementing a diversified board member policy, which helps to enhance corporate governance and management performance.

As of the end of 2023, all independent directors comply with the regulations regarding independent directors set by the Securities and Futures Bureau of the Financial Supervisory Commission, and there are no circumstances under Paragraphs 3 and 4 of Article 26-3 of the Securities Transaction Law among the directors and independent directors.

(2) Information on President, Vice President, Assistant VP, and Officers of Departments and Branches

March 23, 2024; Unit: Shares

Title	Nationality	Name	Gender	Elected Date	Shareholding		Shareholding of Spouse and Minor Children		Shareholding in the Name of Others		Major Experience (education)	Concurrent Positions in Other Companies	Spouse Relatives Within Second Degree of Kinship Who Are Managerial Officers of the Company		
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship
President	R.O.C.	Hwang Yu-Wen	Male	2015.8.10	389,018	0.48%	0	0%	0	0%	Master of Science in Optoelectronics, National Chiao Tung University Section Chief, ELECTRONIC & OPTOELECTRONIC SYSTEM RESEARCH LABORATORIES/INDUSTRIAL TECHNOLOGY RESEARCH INSTITUTE Person in charge, Optoplex Corporation	Director, Browave (Zhongshan) Corporation and Browave (Philippines) Corporation	None	None	None
Product Management Department Vice President	R.O.C.	Chen Yong-He	Male	2015.8.10	97,688	0.12%	0	0%	0	0%	Ph.D., Institute of Electronics, National Chiao Tung University Engineer ELECTRONIC & OPTOELECTRONIC SYSTEM RESEARCH LABORATORIES/INDUSTRIAL TECHNOLOGY RESEARCH INSTITUTE	None	None	None	None
R&D Engineering Department Vice President	R.O.C.	Chou Wei-Jen	Male	2016.12.1	150,000	0.19%	0	0%	0	0%	Institute of Optoelectronics, National Chiao Tung University R&D VP, AmTRAN Technology Co., Ltd.	None	None	None	None
Marketing and Sales Department Vice President	R.O.C.	Chang Wen-Chiao	Male	2015.8.10	118,081	0.15%	0	0%	0	0%	Master of Science in Applied Mechanics, National Taiwan University	None	None	None	None

Continued on next page

Title	Nationality	Name	Gender	Elected Date	Shareholding		Shareholding of Spouse and Minor Children		Shareholding in the Name of Others		Major Experience (education)	Concurrent Positions in Other Companies	Spouse Relatives Within Second Degree of Kinship Who Are Managerial Officers of the Company		
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship
Vice President of Material Resources Department	R.O.C.	Lin Jin-Xiong	Male	2019.3.7	240,000	0.3%	0	0%	0	0%	Mechanical Engineering, Taipei Institute of Technology Reliability Engineering Manager, Aetas Systems Incorporated Vice President, FOCl FIBER OPTIC COMMUNICATIONS, INC.	Director, Browave (ZhongShan) Corporation Chairperson, Browave (Philippines) Corporation	None	None	None
Operation Center Vice President	R.O.C.	Liu Bang-Zhen	Male	2009.9.1	48,000	0.06%	0	0%	0	0%	Electronic Engineering, Asia Eastern Institute of Technology	President, Browave (ZhongShan) Corporation President, Browave (Philippines) Corporation	None	None	None
Finance and Accounting Department Assistant VP	R.O.C.	Huang Shu-Jun	Female	2015.4.15	101,000	0.13%	0	0%	0	0%	Department of Accounting, Feng Chia University Accounting Manager, Macronix International Co., Ltd.	None	None	None	None
Corporate Governance Officer	R.O.C	Yu, Chen-Ni	Female	2023.5.4	0	0%	0	0%	0	0%	Master of Business Administration, College of Technology Management, Tsinghua University	None	None	None	None

Note 1: The table shows the information on managerial officers in service as of the date of publication of the annual report.

Note 2: There is no circumstances where the President or equivalent (top managerial officer) and the Chairperson of the Board of Directors are the same person.

3. Remuneration for Directors, Supervisors, President, and Vice President for the Most Recent Year

(1) Remuneration for regular directors and independent directors

Unit: In thousands of NTD

Title	Name	Total Remuneration to Directors								A, B, C and D as A % Of the Net Profit After Tax (Note 4)		Remuneration for a concurrent position as an employee								A, B, C, D, E, F and G as A % Of the Net Profit After Tax (Note 4)		Remuneration From Investees Outside Subsidiaries or From the Parent Company (Note 8)
		Base Remuneration (A) (Note 1)		Severance and Pension (B)		Remuneration for Directors (C) (Note 2)		Business Execution Expenses (D) (Note 3)				Salary, Bonus, Allowance (E) (Note 5)		Severance and pension (F)		Remuneration for Employees (G) (Note 6)						
		The Company	All companies in the Financial Statements (Note 7)	The Company	All companies in the Financial Statements (Note 7)	The Company	All companies in the Financial Statements (Note 7)	The Company	All companies in the Financial Statements (Note 7)	The Company	All companies in the Financial Statements (Note 7)	The Company	All companies in the Financial Statements (Note 7)	The Company	All companies in the Financial Statements (Note 7)	The Company		All companies in the Financial Statements (Note 6)		The Company	All companies in the Financial Statements (Note 7)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairperson	Cheng Wann-Lai	1,800	1,800	0	0	11,000	11,000	4,490	4,490	17,290 3.97%	17,290 3.97%	5,406	5,944	130	130	1,921	0	1,921	0	24,747 5.68%	25.285 5.80%	
Director	Chen Yu-Liang																					
Director	Representative of National Development Fund, Executive Yuan: Teng, Wei-Chung																					
Director	Wu Jin-Hong																					
Director	Hwang Yu-Wen																					
Director	Wu Yu-Chun																					
Independent Director	Lin Chien-Chih	3,600	3,600	0	0	0	0	60	60	3,675 0.84%	3,675 0.84%	0	0	0	0	0	0	0	0	3,675 0.84%	3,675 0.84%	
Independent Director	Meng Ching-Li																					
Independent Director	Fang Pei-Hua																					
<div>1. Please describe the policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors: Please refer to page 21 of the Annual Report.</div> <div>2. In addition to the disclosure above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: None.</div>																						

Range of Remuneration

Remuneration Range for the Directors of the Company	Director's Name			
	Total Amount of the First Four Remunerations (A+B+C+D)		Total Amount of the First Seven Remunerations (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements
Less than NTD 1,000,000				
\$1,000,000 (inclusive) to NTD 2,000,000	Chen Yu-Liang, National Development Fund, Executive Yuan, Wu Jin-Hong, Hwang Yu-Wen, Wu Yu-Chun, Lin Chien-Chih, Meng Ching-Li, Fang Pei-Hua	Chen Yu-Liang, National Development Fund, Executive Yuan, Wu Jin-Hong, Hwang Yu-Wen, Wu Yu-Chun, Lin Chien-Chih, Meng Ching-Li, Fang Pei-Hua	Chen Yu-Liang, National Development Fund, Executive Yuan, Wu Yu-Chun, Lin Chien-Chih, Meng Ching-Li, Fang Pei-Hua	Chen Yu-Liang, National Development Fund, Executive Yuan, Wu Yu-Chun, Lin Chien-Chih, Meng Ching-Li, Fang Pei-Hua
\$2,000,000 (inclusive) to NTD 3,500,000			Wu Jin-Hong	Wu Jin-Hong
\$3,500,000 (inclusive) to NTD 5,000,000				
\$5,000,000 (inclusive) to NTD 10,000,000	Cheng Wann-Lai	Cheng Wann-Lai	Cheng Wann-Lai, Hwang Yu-Wen	Cheng Wann-Lai, Hwang Yu-Wen
\$10,000,000 (inclusive) to NTD 15,000,000				
\$15,000,000 (inclusive) to NTD 30,000,000				
\$30,000,000 (inclusive) to NTD 50,000,000				
\$50,000,000 (inclusive) to NTD 100,000,000				
More than NTD 100,000,000				
Total	9 seats	9 seats	9 seats	9 seats

Note 1: This refers to the remunerations for directors (including director's base salary, duty allowance, severance, various bonuses, and incentives, etc.) for the most recent year.

Note 2: This refers to the amount of directors' remunerations approved by the Board of Directors for the most recent year.

Note 3: This refers to directors' business execution expenses (including travel expenses, special allowances, various subsidies, dormitory, company car, etc.) for the most recent year.

Note 4: The net profit after tax refers to the net profit after tax of the standalone financial statements for the most recent year.

Note 5: This refers to the salaries, duty allowance, severance, bonuses, incentives, travel expenses, special allowances, various subsidies, dormitories, company cars, and other provisions received by directors for their concurrent positions as employees (including the president, vice presidents, other managerial officers, and employees) for the most recent year. Salary expenses recognized in accordance with IFRS 2, "Share-based Payment", include the acquisition of employee stock options, employee restricted stocks, and participation in cash capital increase subscriptions.

Note 6: This refers to the employee remuneration for the most recent year to directors who concurrently serve the Company as employees (including president, vice president, other managerial officers and employees). The amounts shown above are the proposed amounts.

Note 7: This refers to the total amount of remuneration paid to the directors of the Company by all companies in the consolidated statements (including the Company).

Note 8: This refers to the base and bonus remuneration (including bonus for employees, directors, and supervisors) and business execution expenses of the Company's directors in their capacity as directors, supervisors or managerial officers of the Company's investees outside of subsidiaries or the parent company.

(2) Remuneration for President and Vice President

Unit: In thousands of NTD

Unit: in thousands of NTD														
Title	Name	Salary (A)		Severance and Pension (B)		Bonus and Allowance (C)		Remuneration for Employees (D) (Note 2)				A, B, C and D as a % of the Net Profit after Tax		Remuneration from Investees Outside Subsidiaries or from the Parent Company (Note 3)
		The Company	All Companies in the Financial Statements (Note 1)	The Company	All Companies in the Financial Statements (Note 1)	The Company	All Companies in the Financial Statements (Note 1)	The Company		All companies in the financial statements (Note 1)		The Company	All Companies in the Financial Statements (Note 1)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President/Director of Subsidiary	Hwang Yu-Wen	12,176	13,552	660	660	6,865	7,017	8,840	0	8,840	0	28,541 6.55%	30,069 6.9%	0
Vice President/Chairperson of Subsidiary	Wu Jin-Hong (Note 4)													
Vice President	Chen Yong-He													
Vice President	Chou Wei-Jen													
Vice President	Chang Wen-Chiao													
Vice President/Chairperson of Subsidiary	Lin Jin-Xiong													
Vice President/President of Subsidiary	Liu Bang-Zhen													

Remuneration Range

Remuneration Range for Each President and Vice President of the Company	Name of President and Vice President	
	The Company	All Companies in the Financial Statements (Note 1)
Less than NTD 1,000,000	Wu Jin-Hong,	
\$1,000,000 (inclusive) to NTD 2,000,000		Wu Jin-Hong,
\$2,000,000 (inclusive) to NTD 3,500,000		
\$3,500,000 (inclusive) to NTD 5,000,000	Chen Yong-He, Chou Wei-Jen, Chang Wen-Chiao, Lin Jin-Xiong, Liu Bang-Zhen	Chen Yong-He, Chou Wei-Jen, Chang Wen-Chiao, Lin Jin-Xiong, Liu Bang-Zhen
\$5,000,000 (inclusive) to NTD 10,000,000	Hwang Yu-Wen	Hwang Yu-Wen
\$10,000,000 (inclusive) to NTD 15,000,000		
\$15,000,000 (inclusive) to NTD 30,000,000		
\$30,000,000 (inclusive) to NTD 50,000,000		
\$50,000,000 (inclusive) to NTD 100,000,000		
More than NTD 100,000,000		
Total	7	7

Note 1: This refers to the total amount paid by all companies in the consolidated statements (including the Company).

Note 2: The amounts shown above are the proposed amounts.

Note 3: This refers to the base and bonus remuneration (including bonus for employees, and directors) and business execution expenses of the Company's president and vice president in their capacity as directors, or managerial officers of the Company's investees outside of subsidiaries or the parent company.

Note 4: Mr. Wu Jin-Hong has been applied for retirement from the position of Deputy General Manager of the Head Office at the parent company on April 01, 2023.

- (3) Name of managerial officers who received employee remuneration and the distribution status:

Unit: In thousands of NTD

	Title	Name	Stock Amount	Cash Amount (Note 2)	Total	Total amount as a % of net profit after tax (%)
Managerial Officer	President	Hwang Yu-Wen	0	9,800	9,800	2.25
	Vice President	Chen Yong-He				
	Vice President	Chou Wei-Jen				
	Vice President	Chang Wen-Chiao				
	Vice President	Lin Jin-Xiong				
	Vice President	Liu Bang-Zhen				
	Assistant VP	Huang Shu-Jun				
	Corporate Governance Office	Yu, Chen-Ni				

Note : The amounts shown above are the proposed amounts.

- (4) Compare and describe the total remuneration paid to directors, president, and vice president for the most recent two years by the Company and all companies in the consolidated statements as a % of the net profit after tax, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks:
1. Analysis of the total remuneration paid to the Company's directors, president, and vice president as a % of net profit after tax for most recent two years by the Company and all companies in the consolidated statements:

Unit: In thousands of NTD

Year Item	The Company				All Companies in the Financial Statements			
	2022 (Actual)		2023 (Proposed)		2022 (Actual)		2023 (Proposed)	
	Total Amount	As a % of Net Profit After Tax	Total Amount	As a % of Net Profit After Tax	Total Amount	As a % of Net Profit After Tax	Total Amount	As a % of Net Profit After Tax
Director	32,946	7.29%	28,422	6.52%	33,767	7.48%	28,960	6.65%
President and Vice President	32,609	7.22%	28,541	6.55%	34,574	7.66%	30,069	6.90%
Net Profit After Tax	451,583	-	435,782	-	451,583	-	435,782	-

2. Policies, criteria, combination, and the procedures for determining remuneration and the correlation to operating performances and future risks:

- (1) Description of the Company's Remuneration to Independent Directors
The independent directors of the Company are compensated based on the recommendation by the Remuneration Committee with reference taken from the industry standard and are not included in the

distribution of earnings and are paid after the resolution of the Board of Directors. They will also be paid travel expenses based on the number of meetings attended.

(2) Remuneration to Directors

In accordance with the Company's Articles of Incorporation, directors are entitled to receive fixed remuneration, the amount of which is determined by the Remuneration Committee with reference taken from the industry standard; when the Company earns a profit in the year, the remuneration of directors shall be no more than 3% of the Company's profitability for the year in accordance with the Company's Articles of Incorporation. In addition, travel expenses are paid based on the number of meetings attended. In summary, the remuneration of the Company's directors is highly correlated with the Company's operating performance.

(3) Description of Remuneration for the President and Vice President of the Company

The remuneration for the President and Vice President consists of a fixed salary and a variable salary, with the fixed salary being the monthly salary payment and the variable salary being the employee remuneration and immediate incentive payment, depending on the profitability of the Company and the performance appraisal of the individual.

In accordance with the Company's Articles of Incorporation, the Company shall allocate 5% to 15% as employees' remuneration based on the profitability of the year, among which the President and Vice President shall be compensated based on the recommendation by the Remuneration Committee with reference taken from the industry standard, personal performance appraisal and contribution to the Company's operation with approval by the Board of Directors. In summary, the overall remuneration of the President and Vice President of the Company is highly correlated with the operating performance of the Company.

4. The Operation of Corporate Governance

(1) The Operation of the Board of Directors

1. The 10th board of directors of our company consists of a total of 9 members.
2. The term of office for this session is from June 19, 2023 to June 18, 2026.
3. The Board of Directors met five times (A) in 2023 and the attendance of directors was as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	As a % of Attendance in Person [B/A]	Remarks
Chairperson	Cheng Wann-Lai	5	0	100%	Re-elected
Director	Chen Yu-Liang	5	0	100%	Re-elected
Director	National Development Fund, Executive Yuan Representative: Liu Po-Tsun	2	0	100%	Step down
Director	National Development Fund, Executive Yuan Representative: Teng, Wei-Chung	3	0	100%	Newly elected
Director	Wu Jin-Hong	5	0	100%	Re-elected
Director	Hwang Yu-Wen	5	0	100%	Re-elected
Director	Wu Yu-Chun	5	0	100%	Re-elected
Independent director	Lin Chien-Chih	5	0	100%	Re-elected
Independent director	Meng Ching-Li	5	0	100%	Re-elected
Independent director	Fang Pei-Hua	5	0	100%	Re-elected

Other matters required to be recorded:

1. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:
 - (1) Matters listed in Article 14-3 of the Securities and Exchange Act: The related matters are listed below. As the Company has established an audit committee since June 18, 2020, the related matters under Article 14-5 of the Securities and Exchange Act are applicable; please refer to page 28 of the Annual Report for its operation.

Term and Session/ Date	Motion Content	The Opinions of Independent Directors	The Company's Handling of the Opinions of the Independent Directors	Resolution
9th Board 14th Session (2023.2.23)	1. 2022 Statement of Internal Control System. 2. 2022 earnings distribution. 3. Distribution of 2022 remuneration for employees and directors. 4. Amendment of certain articles of the "Procedure for the Acquisition or Disposal of Assets". 5. Amendments to certain articles of the "Corporate Governance Best Practices Code". 6. Capital Increase and Funding Loan Proposal for Subsidiary Browave	Agreed	Not Applicable	Approved as proposed without objection after the chair consulted all directors present

Continued on next page

	(Philippines) Corporation			
9th Board 15th Session (2023.5.4)	1. Consolidated Financial Report for the First Quarter of Fiscal Year 2023. 2. Appointment Proposal for Governance Officer.			
10th Board 1th Session (2023.6.19)	Appointment of Chairman of the Board			
10th Board 2th Session (2023.8.2)	Consolidated Financial Report for the Second Quarter of Fiscal Year 2023.			
10th Board 3th Session (2023.11.1)	1. Consolidated Financial Report for the Third Quarter of Fiscal Year 2023. 2. Internal Audit Plan for Fiscal Year 2024. 3. Operational Plan for Fiscal Year 2024. 4. Domestic Second Unsecured Convertible Corporate Bond Conversion into New Shares Proposal.			
10th Board 4th Session (2024.2.29)	1. Proposal for the 2023 Annual Business Report and Financial Statements. 2. Proposal for the Distribution of Profits for the Fiscal Year 2023. 3. Proposal for the Distribution of Employee and Director Remuneration for the Fiscal Year 2023. 4. Implementation of Private Placement of Common Shares.			

- (2) In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements: No such situation.
2. The recusal of directors from motions that involved a conflict of interest. Specify the names of the directors, the content of the motions, and reason for recusal, and their participation in voting:
- (1) Resolution of the 9th meeting of the fourteen Board of Directors held on February 23, 2023:
- Name of directors: Mr. Hwang Yu-Wen and Mr. Wu Jin-Hong
Motion content: Distribution of 2022 employee remuneration to managerial officers
Reason for recusal: Interested party in this motion
Participation in voting: The director who is an interested party in the motion recused himself/herself in accordance with the law and did not participate in voting.
 - Name of directors: Mr. Cheng Wann-Lai, Mr. Chen Yu-Liang, Representative of National Development Fund, Executive Yuan: Mr. Liu Po-Tsun, Mr. Wu Jin-Hong, Mr. Hwang Yu-Wen, Mr. Wu Yu-Chun
Motion content: Distribution of 2022 director remuneration
Reason for recusal: Interested party in this motion
Participation in voting: The director who is an interested party in the motion recused himself/herself in accordance with the law and did not participate in voting.
- (2) Resolution of the 10th meeting of the fourth Board of Directors held on February 29, 2024:
- Name of directors: Mr. Hwang Yu-Wen and Mr. Wu Jin-Hong
Motion content: Distribution of 2023 employee remuneration to managerial officers
Reason for recusal: Interested party in this motion
Participation in voting: The director who is an interested party in the motion recused himself/herself in accordance with the law and did not participate in voting.

<p>2. Name of directors: Mr. Cheng Wann-Lai, Mr. Chen Yu-Liang, Representative of National Development Fund, Executive Yuan: Mr. Liu Po-Tsun, Mr. Wu Jin-Hong, Mr. Hwang Yu-Wen, Mr. Wu Yu-Chun Motion content: Distribution of 2023 director remuneration Reason for recusal: Interested party in this motion Participation in voting: The director who is an interested party in the motion recused himself/herself in accordance with the law and did not participate in voting.</p>				
<p>3. Listed companies should disclose information on the periodicity and period, scope, method, and content of the self-evaluation (or peer evaluation) by the Board of Directors and fill in the following table for the implementation of the Board of Directors' evaluation.</p>				
Evaluation Periodicity	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2023.1.1~2023.12.31	The entire Board of Directors	The evaluation is conducted by means of named questionnaire and the results are reported to the Board of Directors.	A. The extent of participation in the Company's operations. B. Improvement in the quality of the Board's decision-making. C. Composition and structure of the Board. D. Election and continuing education of directors. E. Internal control
Once a year	2023.1.1~2023.12.31	Members of the Board of Directors	The evaluation is conducted by means of named questionnaire and the results are reported to the Board of Directors.	A. Alignment of the Company's objectives and tasks. B. Perception of directors' responsibilities. C. The extent of participation in the Company's operations. D. Internal relationship management and communication. E. Professionalism and continuing education of directors. F. Internal control

Once a year	2023.1.1~2023.12.31	Audit Committee/ Remuneration Committee	The evaluation is conducted by means of named questionnaire and the results are reported to the Board of Directors.	A. The extent of participation in the Company's operations. B. Improvement in the quality of the functional committee's decision-making. C. Composition and election of the functional committee members D. Continuing education of functional committee members E. Internal control
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Note 1: The results of the 2023 performance evaluation were included in the report of the Board of Directors on February 29, 2024. Board performance evaluation, board member performance evaluation, audit committee performance evaluation, and compensation committee performance evaluation are all excellent.

4. Evaluation of the current and most recent year's objectives for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation:

(1) Enhance the functions of the Board of Directors

- In order to improve corporate governance and enhance the functions of the Board of Directors, the Company has established a remuneration committee to assist the Board of Directors in performing remuneration management. In addition, three independent directors were elected at the annual shareholders' meeting in 2020, and an audit committee was established to perform the duties and responsibilities required by laws and regulations.
- The Company's Board of Directors has approved the "Procedures for Ethical Management and Guidelines for Conduct", "Corporate Governance Best Practice Principles", "Code of Ethical Conduct", "Sustainable Development Best Practice Principles", "Measures for Self-evaluation or Peer Evaluation of the Board of Directors", "Operational Risk Management and Control" and "Board of Directors Meeting Rules and Regulations" to strengthen the functions of the Board of Directors and enhance information transparency.
- In order to protect directors and managerial officers from the risks they bear in carrying out their business, the Company purchases "Directors', Supervisors' and Managers' Liability Insurance" for directors and managerial officers every year, and the information on the contents of the insurance policy was submitted to the Board of Directors on November 11, 2023 to ensure that the contents meet the management needs of the Company.
- The directors' continuing education in 2023 is as follows:

Title	Name	Organizer	Course Name	Number of Hours
Chairperson	Cheng Wann-Lai	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
			Related-party transactions and unconventional transactions	3
Director	Chen Yu-Liang	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
			Related-party transactions and unconventional	3

				transactions	
	Representative of corporate director	Teng, Wei-Chung	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
				Related-party transactions and unconventional transactions	3
	Director	Wu Jin-Hong	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
				Related-party transactions and unconventional transactions	3
	Director	Hwang Yu-Wen	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
				Related-party transactions and unconventional transactions	3
	Director	Wu Yu-Chun	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
				Related-party transactions and unconventional transactions	3
	Independent director	Lin Chien-Chih	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
				Related-party transactions and unconventional transactions	3
	Independent director	Meng Ching-Li	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
				Related-party transactions and unconventional transactions	3
	Independent director	Fang Pei-Hua	Taiwan Corporate Governance Association	The board oversees that the company understands legal matters	3
				Related-party transactions and unconventional transactions	3

(2) Enhance information transparency

The Company's financial information, significant resolutions, directors' attendance at board meetings and directors' continuing education programs are announced on the Market Observation Post System in a timely manner as required by law, and the Company's financial and business information is also disclosed on the Company's website so that the investing public can obtain the information immediately.

(2) The operation of the Audit Committee:

1. The operation of the Audit Committee:

(1) On June 18, 2020, the Company established the Audit Committee to replace the supervisor system. The Committee consists of three members and Current term of office: June 19, 2023 to June 18, 2026.

(2) The responsibilities of the Audit Committee are as follows:

- i. Establish or amend the internal control system in accordance with the provisions of Article 14-1 of the Securities and Exchange Act.
- ii. Evaluate the efficacy of the internal control system.
- iii. Establish or amend procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, loaning of funds to others, or endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act.
- iv. Matters involving directors' own interests.
- v. Significant asset or derivative transactions.
- vi. Significant loaning of funds, endorsements, or provisions of guarantees.
- vii. Raising, issuance or private placement of securities of an equity nature.
- viii. Appointment, dismissal, or compensation of attesting CPAs.
- ix. Appointment or dismissal of financial, accounting, or internal audit officers.
- x. Financial statements
- xi. Other significant matters as required by the Company or the competent authorities

(3) The Audit Committee met four times in 2023 (A), and the attendance of independent directors was as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	% of Attendance in Person [B/A]	Remarks
Independent director	Lin Chien-Chih	4	0	100%	Re-elected
Independent director	Meng Ching-Li	4	0	100%	Re-elected
Independent director	Fang Pei-Hua	4	0	100%	Re-elected

Other matters required to be recorded:

1. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, the results of the Audit Committee's resolution and the Company's handling of their opinions should be described:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act.					
Session Date	Motion Content	Independent Directors' Objections, Reservations or Significant Recommendations	Results of the Audit Committee's Resolution	The Company's Handling of the Opinions of the Audit Committee	Resolution of the Board of Directors
1st board 12th session (2023.2.23)	1. 2023 "Statement of Internal Control System". 2. 2023 Business Report and financial statements. 3. Profit Distribution Proposal for the year 111. 4. Amendment to the "Asset Acquisition or Disposal Procedures" articles. 5. Evaluate the independence of PricewaterhouseCoopers auditors Liu Chien-Yu and Hsieh Chih-Cheng, and appoint them to audit the company's financial statements for the year 2023 and other services. 6. Capital increase and funding loan for subsidiary Browave (Philippines) Corporation.	None	Agreed	Not Applicable	Approved as proposed without objection by all directors present
1st board 13th session (2023.5.4)	2023 Consolidated financial statements for Q1.				
2st board 1th session (2023.8.2)	1. 2023 Consolidated financial statements for Q2. 2. Disposal of the company's securities case				
2st board 2th session (2023.11.1)	1. 2024 internal audit plan. 2. 2024 business plan. 3. 2023 Consolidated financial statements for Q3. 4. The second domestic unsecured convertible corporate bond issuance for stock conversion case				

- (2) In addition to the preceding matters, other resolutions not approved by the Audit Committee and approved by two-thirds or more of all directors: No such situation.
2. The recusal of independent directors from motions that involve a conflict of interest. Specify the names of the independent directors, the content of the motions, and reason for recusal, and their participation in voting: No such situation.
3. Communication between the independent directors, internal audit officer and CPAs (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included):

(1) Summary of communication between independent directors and internal audit officer for 2023

Date of the Audit Committee Meeting	Highlights of Communication	The Opinions of Independent Directors
2023.2.23	1. Internal audit reports for October 2022 to January 2023 include 29 reports on the financing, sales and receivables cycles, processing of derivative products, endorsement and guarantee operations, lending to others, management of the remuneration committee, and investment cycle. 2. Statement of Internal Control System	No opinion
2023.5.4	Internal audit reports for February-March 2023, include 8 reports on production cycle, processing of derivative products, acquisition or disposal of assets processing, fixed assets cycle, and salary cycle.	No opinion
2023.8.2	Internal audit reports for the second quarter of 2023 include 17 reports on handling of derivative transactions, endorsement and guarantee operations, lending and borrowing operations, oversight of subsidiaries, management of internal material information processing and prevention of insider trading, payroll cycles, property management operations, and operations related to group companies, specific companies, and related party transactions.	No opinion
2023.11.1	1. Internal audit reports for the third quarter of 2023 include 17 reports on management of the financial statement preparation process, handling of derivative transactions, compliance with international accounting standards and relevant laws and regulations, research and development processes, procurement and payment processes, delegation of authority and agency operations, management of the financial statement preparation process, accounting professional judgment processes, and processes related to changes in accounting policies and estimates. 2. 2024 internal audit plan	No opinion

The audit officer communicates with the independent directors through the audit report on a monthly basis, reports at least once a quarter on the performance of the audit business through the Audit Committee and immediately reports to the Audit Committee if there are special circumstances. The Company's Audit Committee and the internal audit officer communicate well with each other.

(2) Summary of communication between independent directors and CPAs for 2023

Date of	Communication meetings	Highlights of Communication	The Opinions of Independent Directors
2023.2.21	Individual meeting	Audit Quality Indicators(AQIs)	No opinion
2023.2.23	The Audit Committee meeting	1.Annual Individual and Consolidated Financial Statements for the Year 2022 2.Discussion on Audit Scope and Key Matters	No opinion
2023.5.4	The Audit Committee meeting	2023 results of the review of the consolidated financial statements for Q1	No opinion
2023.8.2	The Audit Committee meeting	2023 results of the review of the consolidated financial statements for Q2	No opinion
2023.11.1	The Audit Committee meeting	2023 results of the review of the consolidated financial statements for Q3	No opinion

The Company invites the attesting CPAs to sit in the Audit Committee meetings to communicate the results of the review or audit of financial reports and related legal regulations. Their interaction with each other is good.

4. Key tasks of the Audit Committee in 2023:

- (1) Audit of the 2022 Annual and 2023 First, Second, and Third Quarter Financial Reports.
- (2) Appointment and compensation of the attesting CPA's and the assessment of their independence.
- (3) Review of the annual audit plan.
- (4) Appraisal of the effectiveness of the internal control system and the review of the internal audit reports and tracking reports.

(3) The state of operation of the Company's corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
1. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		Our company established the 'Corporate Governance Practices Guidelines' during the Fourth Meeting of the Sixth Board of Directors. Furthermore, partial amendments were approved during the Tenth and Fourteenth Meetings of the Ninth Board of Directors. We ensure compliance with relevant regulations and diligently carry out various information disclosures to safeguard the interests of investors, stakeholders, and employees.	No material difference
2. The Company's equity structure and shareholder equity				No material difference
(1) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		(1) The Company has a spokesperson, an acting spokesperson, and an investor hotline to handle shareholder proposals and related matters, and discloses contact information on the Investor Relations Section of the Company's website.	
(2) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		(2) The Company keeps track of the shareholdings of its directors, managerial officers and shareholders holding more than 5% of the shares and discloses this information on a regular basis.	
(3) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		(3) The Company has established "Procedures for Group Enterprises, Specific Companies and Related Party Transactions" and follows the laws and regulations and the internal control system.	
(4) Has the Company formulated internal regulations to prevent	V		(4) The Company has established the "Procedures for Handling Material Inside Information and Prevention	

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
insiders from trading securities using undisclosed information on the market?			of Insider Trading” and “Procedures for Ethical Management and Guidelines for Conduct” to prevent improper disclosure of information and to ensure the consistency and correctness of information published by the Company to the outside world and strengthen the prevention of insider trading.	
3. Composition and Responsibilities of the Board of Directors				No material difference
(1) Has the Board of Directors formulated and implemented a membership diversity policy?	V		(1) The Company's “Corporate Governance Best Practice Principles” regulate the qualifications of directors and independent directors, and set up a diversity policy for the Company's operation, business model and development needs, and adopted a nomination system for candidates in accordance with the Company's Articles of Incorporation to ensure the diversity and independence of Board members. The 10th Board of Directors is composed of 8 male and 1 female member, including 7 directors with extensive management experience and 2 university professors with extensive academic experience. Please refer to page 13 of the Annual Report for the implementation of the Board's diversity policy.	
(2) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?		V	(2) Our company has established the Compensation Committee and the Audit Committee. In the future, we will set up other functional committees as required by laws and the operational needs of the company.	
(3) Has the Company formulated board performance evaluation	V		(3) The Company has established the “Measures for Self-evaluation or Peer Evaluation of the Board of	

Continued on next page

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
measures and methods, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and nomination for reappointment?			Directors" to conduct annual performance evaluation (please refer to page 25 of the Annual Report), and the results of this year's evaluation are excellent. The results of the evaluation were presented to the Board of Directors on February 29, 2024, as a reference for directors' remuneration and future nomination for reappointment. On February 29, 2024, the 5th meeting of the 2th Remuneration Committee reported on the directors' and managers' performance and compensation for the year 2023.	
(4) Does the Company regularly evaluate the independence of attesting CPAs?	V		(4) The company's Audit Committee evaluates the independence and suitability of the external auditors annually. In addition to requesting the auditors to provide an "Independence Declaration" and "Audit Quality Indicators (AQIs)," the committee also assesses the independence of Ms. Liu Chien-Yu and Mr. Hsieh Chih-Cheng from Zhicheng & Associates, in accordance with the Independence Evaluation Checklist. The evaluation results for the most recent fiscal year were discussed and approved by the Audit Committee on February 29, 2024, and the resolution was presented to the Board of Directors on the same day.	
4. Does the Company as a listed enterprise have a suitable and appropriate number of corporate governance personnel and has it appointed a corporate governance officer to be responsible for corporate governance related	V		Company established the position of Corporate Governance Officer on May 4, 2023, as approved by the Board of Directors, in compliance with the law. The Corporate Governance Officer is responsible for handling corporate governance-related matters, facilitating Board of Directors and Shareholders' Meetings in accordance with legal requirements, preparing minutes of	No material difference

Continued on next page

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?			Board of Directors and Shareholders' Meetings, assisting directors in their appointments and ongoing education, providing necessary information for directors to carry out their duties, and any other matters stipulated in the company's articles of association or contracts.	
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		<p>1. Our website has a Stakeholder Inquiry Desk, including a contact window and a contact information mailbox, which provides a channel for communication with stakeholders such as investors, media, employees, customers, environmental protection and sustainability initiatives, and suppliers, in order to appropriately respond to the concerns of various stakeholders.</p> <p>2. The Company has an Employee Welfare Committee that meets quarterly to discuss issues related to employee welfare.</p>	No material difference
6. Has the Company appointed a specialized stock affairs agency to handle matters for shareholder meetings?	V		The Company has appointed KGI Securities Co., Ltd. as its stock affairs agency for shareholders' meetings.	No material difference
7. Information Disclosure (1) Has the Company set up a website to disclose	V		(1) The Company announces all financial, business, and corporate	No material difference

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
<p>finance and business matters and corporate governance information?</p> <p>(2) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?</p> <p>(3) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?</p>	V		<p>governance information in accordance with the regulations and discloses them on the Company's website. (http://www.browave.com)</p> <p>(2) The Company has set up a spokesperson and acting spokesperson system in accordance with the regulations, and discloses their names and contact information on the website, and holds a "corporate presentation" every year to enable investors to fully understand the Company's operation and future development, so as to achieve transparency of the Company's information.</p> <p>(3) The Company's financial reports and monthly operations are announced on the Market Observation Post System (MOPS) and disclosed on the Company's website within the prescribed period.</p>	
<p>8. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and</p>	V		<p>The Company's management actively promotes corporate governance, and the related systems, measures and their implementation status are as follows:</p> <ol style="list-style-type: none"> 1. The Company has purchased liability insurance for its directors and supervisors, and reported the important contents of the insurance amount, coverage, and rates to the Board of Directors on November 1, 2023. 2. The number of hours of continuing education for directors is in accordance with the law and is 	No material difference

Continued on next page

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?			<p>disclosed on the MOPS.</p> <p>3. The Company has established work rules in accordance with the Labor Standards Act and related laws and regulations to protect the rights and interests of employees, and has established an employee welfare committee to serve as a channel of communication between management and employees, and has promoted various employee welfare policies to create a harmonious working environment and enrich the lives of employees. In order to implement safety, quality, hygiene and environmental management, we have obtained ISO 9001:2015 and ISO 14001 certifications, and regularly promote and monitor their implementation to provide a safe and quality working environment.</p> <p>4. The Company focuses on operating our core business and complies with relevant laws and regulations. We have established a Risk Management Review Committee to promote and implement the execution of various policies. We have also formulated the "Risk Control Management Regulations" to reduce and avoid any risks that may harm the interests of the company. Major operational policies, investment projects, asset acquisitions and disposals, and endorsement guarantees are all evaluated and analyzed by relevant departments before being submitted to the board of directors for resolution, in order to implement a supervision mechanism for risk control.</p> <p>5. The Company has established a "succession ladder" development mechanism, guided by the Chairman, General Manager, and various professional consultants, to</p>	

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
			<p>regularly hold strategic discussions on market marketing/ operation integration/R&D engineering/financial risks and other areas of communication. The main targets are the Chairman, General Manager, and company-level (including) or higher-level executives. In addition to arranging education and training and setting agents, the company plans a succession timetable that spans 1 to 3 years of lateral or subordinate relationships, and conducts 270-degree performance assessments every quarter to understand the status of their core job functions. The training content includes:</p> <p>(1). Education and training: We provide new executives with courses that share the management experiences of the general manager. The content includes strategic thinking, performance management and talent management, high-performance leadership, organizational change, talent development, and leadership succession, in order to improve the management abilities of the executives and establish common rules.</p> <p>(2). The company implements the OKR performance management system on a quarterly basis, using an OKR management system to facilitate communication among team members and ensure consistency in work objectives and performance. The system also helps to develop a management mindset among supervisors in managing departmental objectives.</p>	

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
			<p>(3). Acting person system: Leaders of level 8 or above shall designate two acting persons who shall deputize for the leader during the leader's leave of absence for the purpose of developing the acting persons' specialized and management skills.</p> <p>(4). The strategy seminar and operation monthly report system: Participants include the chairman, professional consultants in various fields, the general manager, and the management level of managers and above; the total time for discussion and reporting is 48 hours.</p> <p>Implementation Results: In 2023, President management experience sharing courses once. The company has established and begun to use the OKR (Objectives and Key Results) management system to ensure the consistency of work objectives and performance. Through the OKR system, there is better communication between managers and employees, allowing them to understand each other's goals and work more clearly, thus improving work efficiency and effectiveness. Additionally, the OKR system enables managers to effectively monitor and evaluate employee performance and provide relevant feedback and rewards.</p>	
<p>9. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved</p> <p>The Company's most recent annual corporate governance evaluation ranking range is 36% to 50%, and the improvement status is as follows:</p> <p>a. All nine directors were present at the 2023 shareholders' meeting (including the convener of the Audit Committee) and the attendance list was disclosed in the minutes of the meeting.</p> <p>b. Disclose the annual work priorities and operation status of the Audit Committee in the</p>				

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
annual report and company website.				
c. Independent directors' separate communications with the internal audit director and accountant shall be disclosed on the company's website.				
d. The financial report shall be disclosed within two months after the end of the accounting year.				
e. Upload internal personnel's shareholding changes before the 10th of each month				
f. Add an English version of the annual report				
The unimproved items for improvement are prioritized as follows:				
a. Add an English version of significant information updates.				
b. Enhance disclosure of corporate social responsibility information such as the progress of ESG report preparation, recommendations for climate-related financial disclosures (TCFD), and the list of top ten shareholders by ownership percentage.				
c. Strengthen the promotion of social welfare initiatives in sustainability issues, such as employee care and welfare matters, channels for reporting workplace misconduct, and fulfilling corporate responsibilities.				

Note: Our CPAs' independence is evaluated as follows:

1. Do the services provided to the Group by the attesting CPA, the practicing CPAs of his or her accounting firms and other alliance member firms meet the independence criteria.
2. Has the Company paid the attesting CPA or his or her accounting firm any contingent fees or referral fees, commissions, etc.
3. Does the attesting CPA serve as a director or independent director of the Company or its affiliates
4. Is the attesting CPA a shareholder of the Company or its affiliates.
5. Is the attesting CPA on the payroll of the Company or its affiliates.
6. Has attesting CPA provided audit services to the Company for seven consecutive years.
7. Does the attesting CPA confirm that his or her accounting firm has complied with the independence criteria.
8. Have the partner CPAs or audit team members of the attesting CPA's accounting firm served as a director, managerial officer, or had a significant influence on the audit within one year of his or her separation.
9. Is there a business relationship between the attesting CPA's accounting firm and the Company.
10. Is there any pending or potential litigation between the attesting CPA's accounting firm and the Company.
11. Does the Company still have outstanding fees from the previous year.

(4) Composition, Responsibilities and Operation of the Remuneration Committee

1. Membership Information

Criteria Status Name		Professional Qualifications, Experience and Independence	Number of Other Public Companies Where the Member Is Also a Member of Their Remuneration Committees
Independent director	Lin Chien- Chih	Please refer to page 11 of the Annual Report. And without violating the independence requirements set forth in Article 6 of the "Regulations Governing the Establishment and Exercise of Powers of the Compensation Committee of a Company Listed on the Stock Exchange or Traded Over the Counter by Securities Firms".	2
Independent director	Meng Ching- Li		0
Independent director	Fang Pei- Hua		0

2. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee has three members
- (2) The term of office of the fourth Remuneration Committee member is from June 19, 2023 to June 18, 2026.
- (3) They met three(A) times in 2023 and the attendance of the members as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	% Of Attendance in Person [B/A]	Remarks
Independent director	Lin Chien- Chih	3	0	100%	Re-elected
Independent director	Meng Ching- Li	3	0	100%	Re-elected
Independent director	Fang Pei- Hua	3	0	100%	Re-elected

Other matters required to be recorded:

1. The Remuneration Committee meetings convened in the most recent year and the main issues discussed are as follows:

Session Date	Motion Content	Results of the Remuneration Committee's Resolution	The Company's Handling of the Opinions of the Remuneration Committee	Resolution of the Board of Directors
4th board 8th session (2023.2.23)	1. Performance appraisal of managerial officers and remuneration payments for 2022. 2. Description of 2023 fixed remuneration for independent directors and directors (excluding the Chairperson). 3. Distribution of 2022 employee remuneration to managerial officers. 4. Distribution of 2022 director remuneration.	Agreed	Not Applicable	Passed without objection after discussions by the directors present (recusal due to conflict of interest). Passed without objection after discussion by the directors present.
4th board 9th session (2023.5.4)	Proposal for Executive Personnel Changes			
5th board 1st session (2023.11.1)	1. Proposal for Employee Stock Ownership Trust Plan. 2. Revision of the "Explanation of Current Compensation Items for Directors and Executives."			Passed without objection after discussion by the directors present.

2. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): No such situation.
3. For the resolutions by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated: No such situation.
4. The scope of authority of the Compensation Committee is as follows:
 - (1). To conduct regular reviews of this organizational regulations and propose amendments when necessary.
 - (2). The committee shall establish and periodically review policies, systems, standards, and structures for the annual and long-term performance evaluation and compensation of directors and executives.
 - (3). The Committee shall periodically evaluate the performance of the Company's directors and executives in achieving their performance goals, and determine the content and amount of their individual compensation.

(5) Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	V		Our company's Chairman of the Board has authorized the Director concurrently serving as General Manager to act as the cross-departmental leader of the 'Sustainable Development Promotion Task Force.' This task force comprises the Finance and Accounting Department, Information Management Department, Operations Department, Marketing and Sales Department, and Management Department. Each department proposes and implements sustainable development policies and specific action plans based on its respective organizational functions. This includes advocating and providing education and training on the latest international information, as well as dedicating efforts to environmental sustainability and social welfare activities.	No material difference
2. Does the Company, in accordance with the principle of materiality, conduct risk assessments on environmental, social, and corporate governance issues related to the Company's operations, and formulate risk management policies or strategies?	V		Our company has formulated and had the "Risk Control Management Measures" approved by the Board of Directors to implement risk management and assessment. We plan to report on its operation at an upcoming board meeting. Regarding significant operational policies, investment projects, asset acquisitions and disposals, and endorsements and guarantees, all are evaluated and analyzed by relevant departments. They are then submitted to the Audit Committee for discussion and decided upon by the Board of Directors to implement oversight mechanisms such as risk control. Operation Overview: The Finance, Management Information, Operations, Marketing and Sales, and Management departments submit work reports at the beginning of each year for review by the Risk Management Review Committee. On February 23, 2023, the General Manager reported on the operation of risk management in various operational	No material difference

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
			<p>activities to the Board of Directors.</p> <p>A total of 14 directors and executives participated in the "Directors' Supervision of Corporate Joint Actions" and "Related Party Transactions and Unconventional Transactions" education and training courses for a total of 84 hours. This was aimed at strengthening awareness and understanding of operational risks within our company.</p> <p>Information Security Risk Management:</p> <p>Information Security Management Organizational Structure:</p> <p>Our company established an information security team in 2016, responsible for supervising information security prevention, emergency reporting, and emergency response across all units. It is chaired by the Senior Manager of Information Management and executed by certified information security personnel.</p> <p>Information Security Policy:</p> <p>The company's information security policy covers domestic and overseas subsidiaries and is based on the following guidelines: "1. Establish information security management regulations that comply with regulations and customer requirements. 2. Achieve a consensus among all personnel that everyone is responsible for information security. 3. Protect the confidentiality, integrity, and availability of company and customer information. 4. Provide a secure production environment to ensure the sustainable operation of company business."</p> <p>The policy aims to establish antivirus, anti-hacking, and anti-leakage measures and various internal control systems to enhance the company's ability to defend against external attacks and ensure the protection of internal confidential information.</p> <p>Our company has complied with regulatory orders and appointed a dedicated information security manager, effective from November 1, 2023.</p>	
3. Environmental Issues				No material difference

Continued on next page

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
(1) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		(1) The company adheres to the environmental policy of "cherishing resources, dedicating to environmental protection, pollution prevention, and continuous improvement." We obtained ISO 14001 certification in 2017 (valid until August 17, 2026), committing to becoming a member of the world's green enterprises. We are dedicated to reducing energy consumption and improving its efficiency. Additionally, we actively manage waste generated during production activities through principles such as reduction, reuse, and recycling.	
(2) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	V		(2) Based on the principle of cherishing resources, the Company continues to promote energy conservation and carbon reduction by controlling and compiling statistics on water and electricity consumption, promoting energy conservation, turning off lights and power during the noon break and at night, and program the air conditioning system to turn off after work. In addition, we assign dedicated personnel to carry out daily measures for waste recycling, sorting, and paper reduction to achieve the purpose of waste sorting, reduction, and resource recovery. Our company has implemented an environmental management system tailored to the characteristics of our industry. We have established an ISO 14001 Environmental Management System and obtained third-party certification. Our company specifically requires that raw material suppliers comply with ROHS and meet requirements for the absence of harmful substances to fulfill our long-term social responsibility for environmental protection.	
(3) Does the Company evaluate the potential	V		(3) Climate change may bring the threat of resource shortage, which will impact on	

Continued on next page

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?			<p>the Company's operations and cause losses. In order to mitigate and respond to the impact of climate change, the Company takes measures to reduce operating costs by conserving water, electricity, and recycling resources effectively.</p> <p>reducing products and services allows us to explore new markets.</p> <p>To mitigate risks associated with changes in compliance and green standards, our company not only actively complies with relevant international standards but also actively engages in green design research and development. We aim to assist customers in cost reduction and performance enhancement through high energy conversion efficiency and low carbon product combinations. Green design, based on lifecycle thinking, incorporates the principles of reduce, reuse, and recycle into product development, aiming to create environmentally friendly products that are non-toxic, easy to assemble, disassemble, and have low energy consumption.</p> <p>To reduce the impact of drought events, our relevant factory sites have gradually invested in comprehensive water-saving facilities to enhance water resource recycling and reduce water usage. Additionally, we have expanded commercial insurance coverage to include relevant protection areas.</p>	
(4) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy	V		(4) The company has implemented proactive measures such as energy conservation, carbon reduction, greenhouse gas reduction, and water usage reduction. The Hsinchu plant has set quantified management goals for energy conservation and carbon reduction, using the greenhouse gas emissions in 2019 as the baseline. We	

Promotion Items	Implementation Status				Differences & Reasons																									
	Yes	No	Summary Description																											
conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?			<p>aim to achieve a cumulative reduction of 120 tons in emissions from 2010 to 2024. In 2010, we reduced emissions by 74 tons, in 2011 by 6 tons, in 2012 we increased by 4.8 tons, and in 2013 we reduced emissions by 143 tons, resulting in a total reduction of 218.2 tons. Additionally, we undergo annual audits by third-party certification bodies for ISO 14001 compliance.</p> <p>Regarding the power-saving project, the Hsinchu plant has completed the installation of temperature-controlled switches for the exhaust fans in the equipment room, replaced the lighting in the dust-free room with LED tubes, and changed the 24-hour emergency lighting fixtures to manual control.</p> <p>The increase or decrease of electricity, water consumption and business waste in the past two years are as follows:</p> <table><tr><th>Item</th><th>Unit</th><th>2022</th><th>2023</th><th>Increase or decrease %</th></tr><tr><td>Electricity</td><td>CO2 tonnage</td><td>10,335</td><td>7,912</td><td>(23)</td></tr><tr><td>Water consumption</td><td>CO2 tonnage</td><td>12,824</td><td>11,536</td><td>(10)</td></tr><tr><td>General business waste</td><td>kg</td><td>550</td><td>6,130</td><td>1,015</td></tr><tr><td>Hazardous business waste</td><td>kg</td><td>9,747</td><td>7,057</td><td>(28)</td></tr></table> <p>Note:</p> <p>1. The relevant data includes the electricity and water consumption and the amount of industrial waste of related companies. The classification of industrial waste is carried out according to local government environmental regulations.</p> <p>2. In 2023, there was an increase in general business waste, due to the disposal of waste optical fibers accumulated from 2022 and 2023.</p>		Item	Unit	2022	2023	Increase or decrease %	Electricity	CO2 tonnage	10,335	7,912	(23)	Water consumption	CO2 tonnage	12,824	11,536	(10)	General business waste	kg	550	6,130	1,015	Hazardous business waste	kg	9,747	7,057	(28)	
Item	Unit	2022	2023	Increase or decrease %																										
Electricity	CO2 tonnage	10,335	7,912	(23)																										
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General business waste	kg	550	6,130	1,015																										
Hazardous business waste	kg	9,747	7,057	(28)																										
4. Social Issues (1) Has the company formulated management policies and procedures in accordance with laws and regulations as well as the International Bill of	V		(1) The Company protects the rights and interests of employees in accordance with the Labor Standards Act and related laws and regulations, and provides equal rights to all employees whose abilities and qualifications meet the requirements in terms of appointment and promotion without		No material difference																									

Continued on next page

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
Human Rights?			<p>restrictions on race or gender. In addition, the Company holds regular labor-management meetings in order to contribute to the establishment of corporate ethics and specialized morality.</p> <p>The company regularly reviews employee attendance hours and overtime status. If there are any abnormal attendance hours, the supervisors are required to make immediate improvements. There were no abnormal attendance hours in 2023.</p> <p>The company strictly adheres to government laws and regulations regarding personnel employment and does not employ child labor.</p>	
(2) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	V		(2) The Company complies with the labor laws and regulations and has established various employee welfare measures and retirement systems. Please refer to page 99 of the Annual Report for the details and implementation of these measures, and payroll is appropriately adjusted based on performance or results. In addition, Article 28-1 of the Company's Articles of Incorporation stipulates that employee remuneration shall be distributed at a rate of 5-15% of the current year's profitability.	
(3) Does the Company provide employees with a safe and healthy working environment, and related education?	V		(3) The Company conducts environmental inspection and sampling every six months, and appoints a third party to conduct environmental testing to establish a testing report to protect the working environment and personal safety of employees. In accordance with the occupational safety related laws and regulations, the Company regularly holds employee health checkups to protect employee for their safety, and organizes CPR or AED training from time to time. On-site nurses are stationed	

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
			<p>four times a month, and a doctor is stationed once every quarter to provide health education and consultation to employees.</p> <p>Protective measures and their implementation are as follows:</p> <p>(1) In 2023, three seminar sessions were conducted, covering topics such as health management, mental health, sexual harassment prevention, and prevention of workplace misconduct. A total of 40 participants attended.</p> <p>(2) In August 2023, annual health check-ups were conducted, including specialized examinations for specific workstations, to continuously ensure the health of our employees.</p> <p>(3) Fire safety training sessions are held biannually, aimed at enhancing disaster prevention and evacuation awareness among employees. These sessions are conducted in June and December.</p> <p>(4) A dedicated hotline for reporting workplace misconduct has been established: (03)5630099 ext. 8900, and an email address: ADM.HR@browave.com.</p> <p>(5) In the 112th year, the gender ratio among laborers was approximately 1:1.1.</p> <p>(6) There were zero labor disputes, cases of sexual harassment, or instances of illegal employment of child labor reported.</p>	
(4) Has the Company established an effective career development training program for employees?	V		<p>(4) The Company has established internal and external education and training programs to actively train employees for career development.</p> <p>An annual survey on the training and education needs is conducted, and the progress of the implementation is reviewed every quarter to ensure the effectiveness of the training programs.</p>	
(5) Does the Company	V		<p>(5) We maintain good communication channels with our customers and</p>	

Continued on next page

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
<p>comply with laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish customer rights protection policies and complaint procedures?</p> <p>(6) Has the Company formulated supplier management policies that require suppliers to follow regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?</p>	V		<p>provide effective customer complaint handling procedures based on the philosophy of specialized service. We have developed a human rights issue control plan based on potential risks, and continuously monitor and improve the implementation results of the plan.</p> <p>(6) The Company requires suppliers to submit written declarations of compliance with ROHS and non-use of hazardous substances in order to fulfill long-term social responsibility for environmental protection. The Company also signs quality agreements with its major suppliers, requiring them to ensure their compliance with labor laws and regulations of national and local governments, to take responsibility for the occupational health and safety of their employees, and to assume their corresponding social responsibilities. Child labor is prohibited; forced labor is prohibited; any form of discrimination is prohibited; and legal working hours and labor remuneration for employees are guaranteed. The Company may terminate or cancel the contract at any time if a supplier is involved in a violation of its CSR policy that has a significant impact on the environment and society.</p>	
<p>5. Does the Company take reference from international reporting standards or guidelines to prepare corporate social responsibility or other</p>		V	<p>Browave plans to compile the sustainability report for the year 2024 and will subsequently follow the regulations of the supervisory authority to complete the external assurance process.</p>	No material difference

Promotion Items	Implementation Status			Differences & Reasons
	Yes	No	Summary Description	
reports that disclose non-financial information about the Company? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?				
6.	<p>If the Company has related practice principles of its own in accordance with the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies”, please state the differences between the two and the implementation status:</p> <p>Our company has established the "Sustainability Practice Guidelines". We recognize that as a corporate citizen, we have a responsibility to fulfill our social responsibility. Therefore, we have long considered sustainability-related issues in both the design of our corporate system and the direction of our operational strategies. We actively and concretely promote corporate governance, sustainable environmental development, and the maintenance of social welfare, and aim to integrate these efforts with our corporate culture. Our overall operations related to sustainability practices conform to the relevant principles of the guidelines without any significant differences.</p>			
7.	<p>Other important information that is helpful to understand the implementation of sustainable development:</p> <p>(1) Our company places significant emphasis on areas such as occupational safety, environmental protection, and health and safety. To prevent major accidents and effectively protect the safety of employees in case of emergencies, in addition to providing education and training for new employees, we regularly conduct fire extinguisher training and disaster evacuation drills.</p> <p>(2) In order to enhance employee welfare and retention, the Board of Directors passed the establishment of an Employee Stock Ownership Plan on November 1, 2023, which began implementation in 2024. Through the implementation of this plan, we aim to motivate employees to work together with the company to achieve excellent performance, thereby enhancing the corporate value of the company.</p>			

Implementation of Climate-Related Information

Item	Implementation Status
<ol style="list-style-type: none"> 1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. 9. Greenhouse gas inventory and assurance status. 	<p>According to the "Roadmap for the Sustainable Development of TWSE Listed and TPEX Listed Companies" published by the Financial Supervisory Commission in March 2022, the Company is one of the companies with a paid-in capital of less than NT\$5 billion and should apply the greenhouse gas inventory and verification in the third stage (i.e., complete the inventory in 2026 and complete the verification in 2028), and will follow the reference guidelines and relevant regulations of the competent authorities to implement the greenhouse gas inventory and verification operations.</p> <p>The Business Management Department and the Administration Department under the Company's Administration Division are designated as part-time units for greenhouse gas inventory operations related to climate change, and report to the Board of Directors on a quarterly basis on the detailed implementation schedule of each greenhouse gas inventory project, the preparation of complete inventory procedures and the Board of Directors' supervision and control of milestones and other implementation progress.</p> <p>The climate change issue is bound to have a significant impact and change on the industrial supply chain and sales conditions in the market. In addition to the implementation of internal design plans to conserve resources and reduce carbon emissions in the short term, the Company may also see a trend towards carbon pricing and carbon taxation in the medium to long term, which may lead to cost increases in the development, production and sales of its own products. Therefore, the transformation or adjustment of products and industries that may be brought about by climate change will be an issue that the Company must examine and plan for in its financial planning in the future, and it is also one of the business targets that needs to be systematically managed and evaluated for risk.</p>

(6) Implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
<p>1. The Formulation of Ethical Corporate Management Policy and Plan</p> <p>(1) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?</p>	V		<p>(1) On March 20, 2012, the 2nd meeting of the 6th Board of Directors approved the "Procedures for Ethical Management and Guidelines for Conduct" to build a corporate culture of ethical management and sound development, and the Board of Directors and management are actively carrying through the commitment of the policy of ethical management. Recent execution status is as follows:</p> <p>(1) Supplier Commitment: A supply chain code of conduct has been established and the company's integrity policy has been disseminated through the company website (E-PR-PO). Currently, 18% of suppliers have signed integrity commitment letters, with ongoing progress.</p> <p>(2) Training: New recruits and internal staff receive regular education courses totaling 15 hours per person; suppliers are sent electronic education and training materials.</p> <p>(3) Commitments: 100% of employees sign integrity commitment agreements upon joining the company; directors and senior managers sign integrity management declarations.</p> <p>(4) Promotion: Integrity and confidentiality responsibilities</p>	No material difference

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
			are communicated to employees through bulletin boards and reminders from supervisors. (5) Reporting System: Reporting and complaint emails are directed to audit@browave.com and jeannette.yu@browave.com.	
(2) Does the Company have a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(2) The Company's Board of Directors approved the "Code of Ethical Conduct for Browave Corporation" on May 8, 2014, and is regularly audited by auditors. No director, managerial officer or employee of the Company or person having de facto control over the Company shall, in the course of engaging in business, directly or indirectly, offer, promise, demand or accept any improper benefit or engage in other violation of ethics.	
(3) Does the Company have specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?	V		(3) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and requires employees to follow the highest standards of ethics and to establish good corporate governance and risk control mechanisms. In order to strengthen and implement ethical management, the employment contracts of new employees include provisions on the principle of ethics, and education and training related to ethical management are conducted regularly to internalize it as the value of employees.	

Continued on next page

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
2. The Implementation of Ethical Corporate Management				No material difference
(1) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		(1) The Company will check whether the counterparty has an unethical record before business dealings, and will prevent transactions or contracts with those who have a record of unethical behavior, and may terminate or cancel contracts at any time if the counterparty is involved in unethical behaviors.	
(2) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management, and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	V		(2) The company appoints a dedicated unit under the Corporate Governance Committee to drive corporate integrity operations. The Chairman designates the General Manager as the Chief Guidance Officer for the Risk Management Review Committee, leading department heads and corporate governance officers to promote corporate integrity operations. Risks arising from integrity operations will be incorporated into the report presented to the board .	
(3) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	V		(3) The Company has established the “Code of Ethical Conduct for Browave Corporation” and its employees are expected to recuse themselves from any matters involving conflicts of interest when performing their duties. The Company also provide appropriate channels for the personnel to explain whether they have potential conflicts of interest with the Company.	

Continued on next page

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
(4) Does the Company have an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V		(4) The company has established effective accounting and internal control systems to implement integrity operations. The internal audit unit formulates relevant audit plans and regularly reports to the board of directors on the compliance status of the aforementioned systems. In case of suspicious behavior or potential violations of the company's code of ethics, reports can be made to the company's audit department through the whistleblowing mailbox. Whistleblowing mailbox: audit@browave.com	
(5) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		(5) The Company's internal key units, including the Audit Office and the Financial and Accounting Department, have been required by law to take 48 hours of courses, including courses on information security and cloud security, operational and fraud risks, and training on new legal knowledge, codes of conduct and behavior for financial and accounting personnel, as well as internal promotional education for units involved. The company has specified "dedication and responsibility" as core competency and incorporated ethical management into employee performance appraisal and human resources policies. No corruption or anti-competitive behavior occurred in 2023.	

Continued on next page

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
<p>3. The Operation of the Company's Whistleblower Reporting System</p> <p>(1) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?</p>	V		<p>(1) The Company has an employee whistleblower reporting system, and a review committee will be formed to consider the case according to the condition of the case, and the whistleblower may be rewarded or punished according to the reward and punishment rules. The company's whistleblowing channel accepts reports through external mail, internal email, or written reports. The designated whistleblowing email address is jeannette.yu@browave.com</p>	No material difference
<p>(2) Has the Company formulated standard operating procedures for the investigation of reported matters, follow-up measures to be taken after the completion of the investigation, and the confidentiality mechanisms?</p>	V		<p>(2) The Company provides confidentiality and protection to the identity of the whistleblower and the content of the report, and clearly stipulates the investigation procedures and the handling of the investigation results.</p>	
<p>(3) Has the Company taken measures to protect whistleblowers from being improperly handled due to reporting?</p>	V		<p>(3) The Company shall provide confidentiality and protection to the whistleblower, and the personnel involved in the investigation of the case shall not disclose the information without permission, so as to avoid unfair treatment, retaliation or threat to the whistleblower.</p>	
<p>4. Enhancement of Information Disclosure</p> <p>Does the Company disclose the content and efficacy of its Ethical</p>	V		<p>The Company disclose the "Procedures for Ethical Management and Guidelines for Conduct" and the "Code of Ethical</p>	No material difference

Continued on next page

Evaluation Item	The State of Operations			Differences & Reasons
	Yes	No	Summary Description	
Corporate Management Principles on its website and the Market Observation Post System?			Conduct for Browave Corporation" on the Company's website and on the Market Observation Post System.	
5. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation: The company has implemented the "Integrity Management Operating Procedures and Code of Conduct Guidelines" according to the established procedures.				
6. Other important information that is helpful to understand the implementation of ethical corporate management (e.g., the Company's review and amendments to its Ethical Corporate Management Best Practice Principles): None				

- (7) If the Company has formulated the Corporate Governance Practice Principles and related rules, it shall disclose its inquiry methods:

Please refer to our website (<http://www.browave.com>).

- (8) Other important information for understanding of the operations of corporate governance may be disclosed:

Company Governance-related Training and Development for the Year 2023

Titles	Name	Entity	Course	Hours
Corporate Governance Officer	YU, CHEN-NI	Taiwan Accounting Research and Development Foundation	Sustainable Information Disclosure Practices: Carbon Management	3
		Industrial Technology Research Institute (ITRI) Industrial Academy	Writing Corporate Sustainability Reports and Analysis of International Standards	12

- (9) Implementation of the internal control system
1. Statement of Internal Control: Please refer to page 59 of the Annual Report.
 2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: Not applicable

Browave Corporation
Statement of Internal Control System

Date: February 29, 2024

The Company states the following for its internal control system for 2023, based on the results of self-evaluation:

1. The Company knows that establishing, implementing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and management, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the efficacy and efficiency of operations (including profitability, performance, and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with rulings, laws, and regulations, etc.
2. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three objectives above; moreover, due to changes in the environment and circumstances, the efficacy of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
3. The Company determines the efficacy of the design and implementation of its internal control system in accordance with the criteria of the efficacy of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: 1. Control Environment, 2. Risk Evaluation, 3. Control Operations, 4. Information and Communication, and 5. Monitoring Operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
4. The Company has adopted the aforementioned criteria of internal control system to evaluate the efficacy of the design and implementation of its internal control system.
5. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system was effective as of December 31, 2023 (including the supervision and management of subsidiaries), with an understanding of the extent to which the objectives of efficacy and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.
6. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
7. This statement was approved by the Company's Board of Directors on February 29, 2024. Of the 9 directors present, 0 had objections, and the rest all agreed with the content of this statement and declare here.

Browave Corporation

Chairperson: Cheng Wann-Lai

President: Hwang Yu-Wen

- (10) During the most recent year or during the current year up to the date of publication of the Annual Report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the major deficiencies and improvements should be listed: None
- (11) Important resolutions of the shareholders' meeting and board meeting during the most recent year or during the current year up to the date of publication of the Annual Report:

1. Important resolutions of the shareholders' meeting

Meeting Date	Important Resolution	Implementation Status
2023.6.19 regular shareholders' meeting	2022 Business Report and financial statements	It has been announced in accordance with Article 230 of the Company Act.
	2022 earnings distribution proposal	<ul style="list-style-type: none"> ● The cash dividend per share is 4.2 NT dollar. ● The ex-dividend date was set as July 4, 2023. ● The cash dividend was paid on July 14, 2023.
	Passed the amendment to the section on 'Asset Acquisition or Disposal Procedures'.	● To execute as resolved
	Passed the resolution for the board of directors election	● The newly appointed directors for the tenth term are as follows: Cheng Wann-Lai, Chen Yu-Liang, Representative of National Development Fund, Executive Yuan: Teng, Wei-Chung, Hwang Yu-Wen, Wu Jin-Hong, Wu Yu-Chun, Lin Chien-Chih, Meng Ching-Li, Fang Pei-Hua

2. Important resolutions of the board meeting

Meeting Date	Important Resolution
9th board 14th session (2023.2.23)	<ol style="list-style-type: none"> 1. Approval of 2022 Statement of Internal Control System. 2. Approval of 2022 Business Report and financial statements. 3. Approval of 2022 earnings distribution proposal. 4. Approval of 2022 remuneration for employees and directors. 5. Approval of revisions to the "Asset Acquisition or Disposal Procedures" section. 6. Approval of the complete re-election of directors and handling of shareholder nominations. 7. Approval of convening the 2023 Annual Shareholders' Meeting and handling of shareholder proposals. 8. Approval of revisions to the "Corporate Governance Practices" section.

Meeting Date	Important Resolution
	9. Approval of the assessment of the independence and suitability of auditors Liu Chien-Yu and Hsieh Chih-Cheng from PricewaterhouseCoopers, and appointing them to audit the company's financial statements for fiscal year of 2023 and other services. 10. Approval of capital increase and loan provision for subsidiary Browave (Philippines) Corporation.
9th board 15th session (2023.5.4)	1. Approval of the consolidated financial statements for the first quarter of 2023. 2. Approval of the review of the list of candidates for directors and independent directors. 3. Approval of lifting the non-compete restrictions for newly appointed directors and their representatives. 4. Approval of the appointment of the "Corporate Governance Officer" for the company.
10th board 1st session (2023.6.19)	Approval of the election for the Chairman of the 10th Board of Directors.
10th board 2nd session (2023.8.2)	1. Approval of the consolidated financial statements for the second quarter of 2023. 2. Approval of the disposal of the company's securities.
10th board 3rd session (2023.11.1)	1. Approval of 2024 internal audit plan. 2. Approval of 2024 operational plan. 3. Approval of the consolidated financial statements for the third quarter of 2023. 4. Approval of domestic second unsecured convertible corporate bond conversion into new shares proposal. 5. Approval of employee stock ownership trust
10th board 4th session (2024.2.29)	1. Approval of 2023 statement of internal control system. 2. Approval of 2023 business report and financial statements. 3. Approval of 2023 earnings distribution proposal. 4. Approval of 2023 remuneration for employees and directors. 5. Approval of private placement of common stock offering. 6. Approval of the convening the 2023 regular shareholders' meeting and acceptance of proposals from shareholders. 7. Approval of amendment to articles of the board meeting regulations. 8. Approval of Amendment to Articles of the Audit Committee Organization Regulations. 9. Approval of the evaluation of the independence of the attesting CPA Liu Chien-Yu and Hsieh Chih-Cheng from PwC Taiwan and the appointment of the CPAs to audit the Company's 2024 financial statements

- (12) During the most recent year or during the current year up to the date of publication of the Annual Report, if board directors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None

- (13) For the most recent year or the current year up to the date of publication of the annual report, summary of the resignation and discharge of the Company's of persons related to financial reporting (including Chairperson, President, Accounting Officer, Finance Officer, Internal Audit Officer, and R&D Officer): None

5. Professional Fees of the Attesting CPAs

- (1) The amount of audit fees and non-audit fees paid to the attesting CPAs, their respective firms and affiliates, and the content of non-audit services.

Unit: In thousands of NTD

CPA Firm	CPA Name	Audit Period	Audit Fees	Non-audit Fees (Note 2)	Total	Remarks
PwC Taiwan	Liu Chien-Yu	2023.01.01~ 2023.12.31	2,960	1,330	4,290	(Note 1)
	Hsieh Chih-Cheng					

Note 1: Due to the internal job rotation of the CPA firm, therefore, from 2023 onwards, the attesting CPAs were changed from Liu Chien-Yu and Lin Yu-Kuan. to Liu Chien-Yu and Hsieh Chih-Cheng.

Note 2: The non-audit fees service includes tax audit, transfer pricing and group master file report, and tax consulting service fees, etc.

- (2) Where the audit fee paid in the year of the replacement of CPA firm is less than the audit fee in the year before the change, the amount of audit fees before and after replacement should be disclosed and the reasons: None
- (3) Where the audit fee has decreased by 10% or more from the previous year, the amount, percentage, and reason for the decrease in the audit fee should be disclosed: None

6. Information on the Change of CPAs:

(1) About the predecessor CPAs

Date of Change	January 1, 2022		
Reason for Change and Explanation	The Company's predecessor attesting CPAs were Li Dian-Yi and Lin Yu-Kuan. In order to meet the internal job rotation of the CPA firm PwC Taiwan, the attestation of the Company's financial statements have been handled by Liu Chien-Yu and Lin Yu-Kuan since 2022.		
Indicate Whether the Appointment is Terminated or Not Accepted by the Client or CPAs	<div>The Party</div> <div>Situation</div>	CPA	Client
	Proactively terminated the appointment	-	-
	Not accepted (continued) the appointment	-	-
Opinions in and Reason for Audit Reports Issued Other Than Unqualified Opinion in the Last Two Years	None		
Any Disagreement with the Issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or procedures
		-	Others
	None	V	
Explanation	-		
Other Disclosures (Disclosures deemed necessary under Items 1-4 to 1-7, Paragraph 6, Article 10 of The Regulations)	None		

Date of Change	January 1, 2023		
Reason for Change and Explanation	The Company's predecessor attesting CPAs were Liu Chien-Yu and Lin Yu-Kuan. In order to meet the internal job rotation of the CPA firm PwC Taiwan, the attestation of the Company's financial statements have been handled by Liu Chien-Yu and Hsieh Chih-Cheng since 2023.		
Indicate Whether the Appointment is Terminated or Not Accepted by the Client or CPAs	<div>The Party</div> <div>Situation</div>	CPA	Client
	Proactively terminated the appointment	-	-
	Not accepted (continued) the appointment	-	-
Opinions in and Reason for Audit Reports Issued Other Than Unqualified Opinion in the Last Two Years	None		
Any Disagreement with the Issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or procedures
		-	Others
	None	V	
	Explanation	-	
Other Disclosures (Disclosures deemed necessary under Items 1-4 to 1-7, Paragraph 6, Article 10 of The Regulations)	None		

(2) About the successor CPAs

CPA Firm	PwC Taiwan	
CPA Name	Liu Chien-Yu and Lin Yu-Kuan	Liu Chien-Yu and Hsieh Chih-Cheng
Date of Appointment	January 1, 2022	January 1, 2023
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	None	None
Written opinion of the successor CPAs on matters on which the successor CPAs disagreed with the predecessor CPAs	None	None

(3) The predecessor CPA's reply to Item 1 of Paragraph 6 of Article 10 and Item 3 of Item 2 of the regulation: No such situation

7. Any of the Company's Chairperson, President, or managers involved in financial or accounting affairs being employed by the CPA firm or any of its affiliated company within the most recent year: None
8. Changes in transfer and pledge of shares by directors, managerial officers, and shareholders with more than 10% shareholding in the most recent year up till the publication date of this Annual Report

(1) Changes in shareholdings of directors, managerial officers, and major shareholders:
Unit: Shares

Title	Name	2023		2024 up to March 31	
		Increase/ Decrease in the Number of Shares Held	Increase/ Decrease in the Number of Shares Pledged	Increase/ Decrease in the Number of Shares Held	Increase/ Decrease in the Number of Shares Pledged
Chairperson	Cheng Wann-Lai	0	0	0	0
Director	Chen Yu-Liang	0	0	0	0
Director	National Development Fund, Executive Yuan	0	0	0	0
	Representative: Teng, Wei-Chung	0	0	0	0
Director	Wu Jin-Hong	(61,000)	0	(12,000)	0
Director/ President	Hwang Yu-Wen	(9,000)	0	(24,000)	0
Director	Wu Yu-Chun	0	0	0	0
Independent director	Lin Chien-Chih	0	0	0	0
Independent director	Meng Ching-Li	0	0	0	0
Independent director	Fang Pei-Hua	0	0	0	0
Vice President	Chen Yong-He	(10,000)	0	0	0

Continued on next page

Title	Name	2023		2024 up to March 31	
		Increase/ Decrease in the Number of Shares Held	Increase/ Decrease in the Number of Shares Pledged	Increase/ Decrease in the Number of Shares Held	Increase/ Decrease in the Number of Shares Pledged
Vice President	Chou Wei-Jen	0	0	0	0
Vice President	Chang Wen-Chiao	0	0	0	0
Vice President	Lin Jin-Xiong	0	0	0	0
Vice President	Liu Bang-Zhen	0	0	(9,156)	0
Assistant VP	Huang Shu-Jun	(44,000)	0	0	0
Corporate Governance Office	Yu, Chen-Ni	0	0	0	0

Note: The above is the information on those who were still employed on the publication date of the Annual Report.

- (2) Information on transfer of shares: None
- (3) The counterparty to whom the shares are pledged is a related party: None

9. Information on the top ten shareholders who are related to each other or as spouses or relatives within the second degree of kinship

March 23, 2024; Unit: Shares

Name	Shareholding of the Individual		Shareholding of Spouse and Minor Children		Total Shareholding in the Name of Others		The Name of and Relationship Among the Top 10 Shareholders if Anyone is a Related Party, a Spouse or a Relative Within Second Degree of Kinship of Another		Remarks
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Name (or Surname)	Relationship	
National Development Fund, Executive Yuan	3,033,125	3.77%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	None	None	None
National Development Fund, Executive Yuan Representative: Gung Ming-Shin	0	0%	0	0%	0	0%	None	None	None
Chen Yu-Liang	2,176,090	2.70%	0	0%	0	0%	None	None	None
PRODIGY ASSET MANAGEMENT GROUP INC. from British Virgin Islands	2,043,878	2.54%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	None	None	None
Cheng Wann-Lai	1,770,083	2.20%	0	0%	0	0%	Chang, Yu-Fen	None	None
Tsai Wen-Shiang	1,293,000	1.61%	0	0%	0	0%	None	None	None
PRODISC TECHNOLOGY INC.	1,025,600	1.27%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	None	None	None
PRODISC TECHNOLOGY INC. Representative: Lin Ming-Fa	0	0%	0	0%	Not Applicable	Not Applicable	None	None	None
Standard Chartered Trustee- Mizuho Securities Co., Ltd.	736,000	0.91%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	None	None	None
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of investment portfolios by Morgan Stanley Bank Limited	585,000	0.73%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	None	None	None
Yonglian Co., Ltd.	401,000	0.50%	0	0%	0	0%	None	None	None
Chang, Yu-Fen	0	0%	0	0%	0	0%	None	None	None
Hwang Yu-Wen	389,018	0.48%	Not Applicable	Not Applicable	0	0%	None	None	None

10. The total number of shares and the consolidated shareholding percentage held in any single investee enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company

December 31, 2023; Unit: In thousands of shares; NTD

Investee (Note 1)	Investment of the Company		Investment of the directors, supervisors, managers and business under direct or indirect control		Total Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Browave Holding Inc.	20,360	100%	0	0%	20,360	100%
Browave (ZhongShan) Corporation	None	100%	0	0%	None	100%
Browave (Philippines) Corporation	300,000	100%	0	0%	300,000	100%

Note 1: Investments Accounted for Using Equity Method

IV. Capital Raising

1. Capital and Shares

(1) Source of capital

March 31, 2024; Unit: In thousands of shares; NTD

Month and Year	Issue Price	Authorized capital		Paid-in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Using Property Other than Cash as Payment of Shares	Others
1998.05	10	10,000	100,000	5,100	51,000	Registered capital	-	-
1998.09	10	18,000	180,000	12,000	120,000	Capital increase by cash of 6,900,000 shares	-	1999.01.15. Jing-Ba-Ba-Shang No. 101586.
1999.08	30	18,000	180,000	18,000	180,000	Capital increase by cash of 6,000,000 shares	-	1999.09.20 Jing-Ba-Ba-Shang No. 134106
2000.05	60	38,000	380,000	28,000	280,000	Capital increase by cash of 10,000,000 shares	-	2000.05.19. (2000) Yuan-Shang-Zi No. 010276.
2001.02	30	80,000	800,000	58,500	585,000	Capital increase by cash of 2,500,000 shares and from capital surplus of 28,000,000 shares	-	2001.03.05. (2001) Yuan-Shang-Zi No. 005290
2001.07	70	88,000	880,000	82,500	825,000	Capital increase by cash of 24,000,000 shares	-	2001.08.02. (2001) Yuan-Shang-Zi No. 019490
2007.10	10	88,000	880,000	54,681	546,810	Capital reduction for loss make-up of 27,817,000 shares	-	2007.11.05. (2007) Yuan-Shang-Zi No. 29754
2011.09	10	88,000	880,000	55,298	552,985	Conversion of employee stock options into common stock of 617,500 shares	-	2011.10.07. (2011) Yuan-Shang-Zi No. 29800
2012.04	10	88,000	880,000	56,484	564,846	Conversion of employee stock options into common stock of 1,186,100 shares	-	2012.04.17. (2012) Yuan-Shang-Zi No. 10960
2012.06	10	88,000	880,000	57,017	570,170	Conversion of employee stock options into common stock of 532,500 shares	-	2012.06.15. (2012) Yuan-Shang-Zi No. 17808
2012.08	10	88,000	880,000	57,217	572,175	Conversion of employee stock options into common stock of 200,400 shares	-	2012.08.13. (2012) Yuan-Shang-Zi No. 24893

Month and Year	Issue Price	Authorized capital		Paid-in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Using Property Other than Cash as Payment of Shares	Others
2012.09	10	88,000	880,000	62,369	623,690	Capital increase from earnings of 5,151,500 shares	-	2012.09.13. (2012) Yuan-Shang-Zi No. 28779
2012.12	23	88,000	880,000	68,292	682,929	Capital increase by cash of 5,924,000 shares	-	2012.12.10. (2012) Yuan-Shang-Zi No. 38292
2013.12	10	88,000	880,000	70,637	706,372	Conversion of corporate bonds of 2,344,000 shares	-	2013.12.04. (2013) Yuan-Shang-Zi No. 37133
2014.04	10	88,000	880,000	71,016	710,159	Conversion of corporate bonds of 379,000 shares	-	2014.04.02. (2014) Yuan-Shang-Zi No. 09141
2014.09	10	88,000	880,000	71,618	716,177	Conversion of corporate bonds of 602,000 shares	-	2014.09.02. (2014) Yuan-Shang-Zi No. 26262
2014.11	10	88,000	880,000	71,713	717,128	Conversion of employee stock options into common stock of 95,100 shares	-	2014.01.27. (2014) Yuan-Shang-Zi No. 34995
2015.04	10	88,000	880,000	71,838	718,381	Conversion of employee stock options into common stock of 117,000 shares and corporate bonds of 8,000 shares	-	2015.04.28. (2015) Yuan-Shang-Zi No. 11804
2015.09	10	100,000	1,000,000	72,921	729,211	Conversion of employee stock options into common stock of 48,000 shares and corporate bonds of 1,035,000 shares	-	2015.09.10. (2015) Yuan-Shang-Zi No. 26331
2015.11	10	100,000	1,000,000	72,926	729,265	Conversion of corporate bonds of 5,000 shares	-	2015.11.26. (2015) Yuan-Shang-Zi No. 34245
2016.09	10	100,000	1,000,000	74,426	744,265	Issuance of employee restricted stock of 1,500,000 shares	-	2016.09.21. (2016) Zhu-Shang-Zi No. 26544
2017.11	10	100,000	1,000,000	74,376	743,765	Capital reduction by purchase and cancellation of employee restricted stock of 50,000 shares	-	2017.11.23. (2017) Zhu-Shang-Zi No. 32042

Continued on next page

Month and Year	Issue Price	Authorized capital		Paid-in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Using Property Other than Cash as Payment of Shares	Others
2018.03	10	100,000	1,000,000	74,352	743,525	Capital reduction by purchase and cancellation of employee restricted stock of 24,000 shares	-	2018.03.30. (2018) Zhu-Shang-Zi No. 9886
2018.08	10	100,000	1,000,000	75,300	753,004	Conversion of corporate bonds of 954,000 shares, capital reduction by purchase and cancellation of employee restricted stock of 6,000 shares	-	2018.08.20. (2018) Zhu-Shang-Zi No. 24210
2018.11	10	100,000	1,000,000	75,293	752,929	Capital reduction by purchase and cancellation of employee restricted stock of 7,500 shares	-	2018.11.27. (2018) Zhu-Shang-Zi No. 34398
2019.03	10	100,000	1,000,000	75,287	752,869	Capital reduction by purchase and cancellation of employee restricted stock of 6,000 shares	-	2019.03.18. (2019) Yuan-Shang-Zi No. 7492
2023.11	10	100,000	1,000,000	80,541	805,407	Conversion of corporate bonds of 5,254 thousands of shares		2023.11.29. (2023) Yuan-Shang-Zi No. 39588

March 31, 2024; Unit: Shares

Type of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common stock	80,540,741	19,459,259	100,000,000	None

(2) Shareholder structure

March 23, 2024; Unit: Shares

Shareholder Number Structure	Government Agencies	Financial Institutions	Other Corporations	Individuals	Foreign Institutions or Foreigners	Total
Number of persons	1	1	232	41,826	71	42,131
Shareholding	3,033,125	27,000	2,474,379	68,918,127	6,088,110	80,540,741
Shareholding Percentage	3.77%	0.03%	3.07%	85.57%	7.56%	100%

(3) Equity diversification

March 23, 2024; Unit: Shares

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Percentage
1 to 999	24,875	501,025	0.62%
1,000 to 5,000	15,248	25,996,533	32.28%
5,001 to 10,000	1,178	9,519,361	11.82%
10,001 to 15,000	262	3,408,611	4.23%
15,001 to 20,000	179	3,340,130	4.15%
20,001 to 30,000	125	3,288,520	4.08%
30,001 to 40,000	74	2,672,772	3.32%
40,001 to 50,000	36	1,704,200	2.12%
50,001 to 100,000	83	5,982,582	7.43%
100,001 to 200,000	47	6,708,236	8.33%
200,001 to 400,000	15	4,354,995	5.41%
400,001 to 600,000	2	986,000	1.22%
600,001 to 800,000	1	736,000	0.91%
800,001 to 1,000,000	0	0	0%
More than NTD 1,000,001	6	11,341,776	14.08%
Total	42,131	80,540,741	100.00%

(4) List of Major Shareholders

March 23, 2024; Unit: Shares

Name of Major Shareholders	Shares	Shareholding	Shareholding Percentage
National Development Fund, Executive Yuan		3,033,125	3.77%
Chen Yu-Liang		2,176,090	2.70%
PRODIGY ASSET MANAGEMENT GROUP INC. from British Virgin Islands		2,043,878	2.54%
Cheng Wann-Lai		1,770,083	2.20%
Tsai Wen-Shiang		1,293,000	1.61%
PRODISC TECHNOLOGY INC.		1,025,600	1.27%
Standard Chartered Trustee- Mizuho Securities Co., Ltd.		736,000	0.91%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of investment portfolios by Morgan Stanley Bank Limited		585,000	0.73%
Yonglian Co., Ltd.		401,000	0.50%
Hwang Yu-Wen		389,018	0.48%

- (5) Market price, net worth, earnings, dividends per share and related information for the last two years

Unit: In thousands of shares

Item \ Year		2022	2023	The Current Year Up to March 23, 2024
Market Price Per Share	Highest	68.90	112.50	132.50
	Lowest	38.55	49.60	83.80
	Average	56.02	88.15	107.55
Net Worth Per Share	Before distribution	29.36	32.50	Not Applicable
	After distribution	25.16	23.84	
Earnings Per Share	Weighted average number of shares	75,287	77,469	
	Earnings per share	6.00	5.63	
Dividends Per Share	Cash dividends	4.20	3.60	
	Issue of Shares	Earnings Share Issue	-	
		Capital Surplus Share Issue	-	
	Accumulated unpaid dividends		-	
Investment Return Analysis	Price to earnings ratio		9.34	15.66
	Price to dividends ratio		13.34	24.49
	Cash dividend yield		0.07	0.04

- (6) Dividend policy and implementation status

1. Dividend policy

The Company's dividend policy is based on the Company's current and future investment environment, capital requirements, domestic and foreign competition, and capital budget, considering the interests of shareholders and balancing dividends and the Company's long-term planning, etc. The Board of Directors shall prepare and submit the distribution plan to the shareholders' meeting annually in accordance with the law. The annual distribution of dividends to shareholders shall be no less than 50% of the net profit for the year. The Company may distribute dividends to shareholders in cash or in stock. However, the Company may not distribute dividends if the net profit for the year does not reach 10% of the paid-in capital. Cash dividends shall not be less than 10% of the total dividends paid, but the type and percentage for such earnings distribution may be adjusted by resolution of the shareholders' meeting depending on the actual profit and capital position of the year.

2. Dividend distribution

2023 earnings distribution proposal was approved by the Board of Directors on February 29, 2024, and the proposed distribution of cash dividends to shareholders is NTD 289,946,668 (approximately NTD 3.6 per share).

3. Description of expected change in dividend policy: None
- (7) The effect of the proposed stock dividends by the shareholders' meeting on the Company's business results and earnings per share: Not applicable
- (8) Remuneration for employees, and directors
 1. The percentage or range of remuneration for employees, and directors as stated in the Articles of Incorporation:

The Company shall distribute employees' remuneration at 5% to 15% of the current year's profitability and directors' and supervisors' remuneration at no more than 3% of the current year's profitability. However, the Company shall make up for accumulated losses, if any. Remuneration to employees may take the form of stock or cash and may be made to employees of subordinate companies who meet certain criteria.

The current year's profitability is defined as profit before tax for the year before the distribution of remuneration to employees, and directors. The distribution of remuneration to employees, directors and supervisors shall be made by a resolution of the Board of Directors with the attendance of at least two-thirds of the directors and the approval of a majority of the directors present, and reported to the shareholders' meeting.
 2. The basis for estimating the amount of remuneration to employees, directors and supervisors, the basis for calculating the number of shares to be distributed as remuneration to employees, and accounting treatment for the difference between the actual distribution amount and the estimated amount: Not applicable.
 3. Distribution of remuneration approved by the Board of Directors
 - (1) The proposed remuneration to employees is NTD 34,000,000 and remuneration to directors is NTD 11,000,000, both in cash.
 - (2) The amount of employee remuneration distributed in stock and its proportion to the sum of net profit after tax and total employee remuneration in the individual or standalone financial statements for the period: Not applicable
 4. The actual distribution of the remuneration for employees, directors, and supervisors in the previous year:

The remuneration to employees was NTD 41,000,000 and remuneration to directors was NTD 13,600,000, both in cash.
- (9) Repurchase of the Company's shares: None

2. Issuance of Corporate Bonds:

(1) Issuance of corporate bonds

Type of Corporate Bonds		Domestic 2nd unsecured convertible bonds
Issue (processing) Date		October 8, 2020
Par Value		NTD 100,000
Place of Issue and Trading		None
Issue Price		Issue in full at par value
Total Amount		NTD 300,000,000
Interest Rate		The coupon rate is 0% per annum
Duration		Three-year; maturity date: October 8, 2023
Guarantee Institution		Not Applicable
Trustee		Mega International Commercial Bank
Underwriting Institution		KGI Securities Co., Ltd.
Certifying Attorney		Chiu Ya-Wen
Certifying CPA		PwC Taiwan Cheng Ya-Hui, Lin Yu-Kuan
Repayment Method		Except for conversion or early redemption in accordance with the conversion measures, the bonds are repayable in cash at par value at maturity.
Outstanding Principal		NTD 300,000,000
Terms of Redemption or Early Repayment		Refer to issuance and conversion measures for details
Restriction Clauses		Refer to issuance and conversion measures for details
Name of Credit Rating Agency, Rating Date, and Bond Rating Result		None
Incidental Rights	Amount of common stock, overseas depository receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the Annual Report	All corporate bonds have been converted into 5,253,842 common shares.
	Issuance and conversion (exchange or subscription) measures	Refer to issuance and conversion measures for details
Possible dilution of ownership and impact on existing shareholders' equity for the issuance and conversion, exchange, or subscription		Please refer to pages 52-53 of the prospectus of the Company's domestic 2nd unsecured convertible bonds
Name of the custodian institution entrusted with the subject of the exchange		None

(2) Information on convertible Bonds

Type of Corporate Bonds		Domestic 2nd Unsecured Convertible Bonds	
Item	Year	2022	The current year up to October 8, 2023
Market price Convertible Bonds	Highest	119.00	193.00
	Lowest	102.00	101.50
	Average	109.44	138.42
Conversion Price		61.00	57.10
Issue Date and Conversion Price at Issuance		Issue date: October 8, 2020 Conversion price: NTD 66	
Method of Fulfilling Conversion Obligation		Issuance of new shares in accordance with the issuance measures	

Note: Effective September 7, 2021, the conversion price was adjusted from NTD 66 to NTD 62.3.

Effective July 6, 2022, the conversion price was adjusted from NTD 62.3 to NTD 61.0.

Effective July 4, 2023, the conversion price was adjusted from NTD 61.0 to NTD 57.1.

3. Issuance of preferred stock: None
4. Issuance of overseas depository receipts: None
5. Employee stock option: None
6. Employee restricted stock: None
7. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: None
8. Capital planning and implementation: None

V. Business Overview

1. Business Category

(1) Business Scope

1. Main Business

The Company is engaged in the design, production and sales services of optical communication passive components, modules and subsystems related to 5G, data center, CATV (DOCSIS 3.1 ↑), PON and FTTH/FTTR.

2. The Company's current products and services

The Company's main products can be classified according to their applications as follows:

- (1) WDM Product: Including TFF DWDM device/module, TFF CWDM device/module, Miniature WDM module, and optical transceiver The TFF CWDM device/module, Miniature WDM module, and Array Waveguide Grating (AWG) components used in optical transceivers.
- (2) Branch Product: Including PLC splitter/module, Coupler/module, and Fiber Array components used in optical transceivers.
- (3) AMP Product: Including Integrated module, Gain Flat Filter (GFF), Hybrid device and Inline isolator, etc.
- (4) OIN Product: Including Patchcord, MPO/MTP, and 200G/400G high-speed active optical cable (AOC) and accessories, etc.

These products are mainly used in 5G, data center, CATV, PON, and FTTH/FTTR triple play networks.

3. Sales percentage of the Company's main products and services

Unit: In thousands of NTD

Year	2022		2023	
	Amount	Percentage	Amount	Percentage
Main products				
WDM Product	1,534,589	47.80%	590,000	21.23%
Branch Product	978,212	30.47%	618,002	22.24%
AMP Product	267,606	8.34%	175,885	6.33%
OIN Product	425,846	13.26%	1,387,266	49.92%
Others	4,319	0.13%	7,905	0.28%
Total	3,210,572	100.00%	2,779,058	100.00%

4. New products planned to be developed

(1). Integrated wavelength mux/demux
(2). Mini isolator/circulator
(3). 2D fiber/collimator array
(4). Fiber Harness
(5). Automatic multi-channel alignment
(6). CPO Fiber Connection Module

(2) Industry Overview

1. Current Status and Development of Industry

(1) Overview of Global Optical Communication Industry Development

Since the 1970s, when Dr. Charles K. Kao invented optical fiber, the industry has witnessed an important revolution in the field of communication due to the high speed of optical fiber transmission, which saves resources and brings people closer, triggering an important revolution in the field of communication. Since then, optical fiber has been used in long-haul communication backbones, such as submarine cables, to meet the bandwidth requirements for voice and data communications.

The technology of optical fiber communication continues to advance with the invention of the Erbium-Doped Fiber Amplifier (EDFA), which allows optical signals to be amplified for transmission without the need for optoelectronic conversion. Later, the invention of Dense Wavelength Division Multiplexer (DWDM) allowed different channels to be inserted into the same fiber, increasing the bandwidth of the same fiber. EDFA enhances the transmission distance of optical signals, and DWDM increases the transmission energy of optical fibers, thus increasing the capacity and efficiency of optical fiber networks. With the development of the Internet, the demand for bandwidth has increased greatly, and the deployment of optical fiber has taken off at a rapid pace.

With the spread of global communication network deployment, value-added services such as Internet Protocol Television (IPTV), high-definition digital TV, online games, and interactive video-on-demand (VOD) provided by telecommunications and multimedia operators are gradually diversified and complete. In addition, global technology leaders are promoting the formation of Cloud Computing operating framework. Besides, consumers are getting accustomed to downloading and watching videos using various terminal carriers, and online streaming video and audio sites, such as Netflix, Youtube, and Hulu, have started to replace the traditional way of renting videos with rapid growth of online streaming traffic. This leads to a significant increase in the demand for bandwidth on the application side and will prompt telecom and multimedia operators to upgrade and deploy network infrastructure.

With governments, telecom and multimedia operators actively promoting the deployment of optical fiber networks and the trend of increasing bandwidth demand, telecom infrastructure and network equipment such as Metropolitan Area Network (MAN), FTTB, FTTH, and Gigabit-capable PON (GPON), and next-generation passive optical fiber networks (XGS-PON) will continue to be built, bringing certain business opportunities to network equipment and system vendors. This will further drive the demand for active and passive components for optical fiber communication.

With the recent progress of 5G, more than 20 countries around the world officially took 5G into commercial operation in 2020, even including Nigeria and Egypt in Africa. In the 5G system architecture, besides focusing on components and module packaging technologies with SiP chips, Browave will further develop higher integration density optical input and output architectures and related technology products with customer's design in, including Fiber Array with more channels and WDM module with more

wavelengths. Compared with the original focus on the telecom industry, the current data center (Datacom) products are more likely to have short development time, single form factor, massive scale, and shorter product life cycle. Therefore, in addition to product technology development, Browave must also refine its process technology and incorporate ideas about process modularity and automation into the initial product design to strengthen its ability to respond to rapid market changes in the future.

(2) Optical Fiber Network Architecture and Equipment

Optical fiber network architecture is mainly divided into backbone network, access network, and local area network for general home use. A backbone network is a network formed by linking multiple access networks and local area networks, and the main transmission method is optical fiber cable. In terms of backbone technology, Next Generation SDH (Synchronous Digital Hierarchy), WDM (Wavelength Division Multiplexing) and GE (Gigabit Ethernet) are our core technologies for backbone networks.

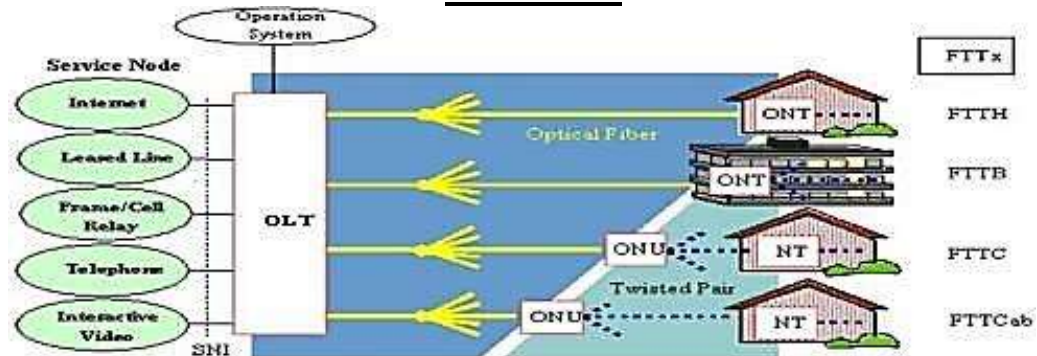
SDH transmission network, the earliest optical fiber backbone network, is composed of a number of SDH network units. The transmission and exchange of synchronous information can be performed between units through different transmission media such as optical fiber, microwave, or satellite, which can effectively manage the network and improve the utilization rate of network resources. However, because SDH uses time-division multiplexing (TDM) technology, it can only use a single optical fiber for transmission and cannot use multiple optical fibers for transmission at the same time, so its transmission rate is limited by the physical conditions of the cable itself.

In order to increase the bandwidth of the entire SDH network, the only way was to redeploy optical cables in the early days. However, the cost of redeploying optical cables and future maintenance is very high. In this context, the WDM technology was born, which can be combined with SDH technology. WDM (Wavelength Division Multiplexing) is a transmission technology in optical fiber communication. Optical fiber has the characteristics of transmitting different wavelengths of optical carriers at the same time, and the WDM technology sends out different wavelengths of optical carriers and then uses the same optical fiber to transmit them. In this way, even if there is only one optical fiber, it can transmit multiple signals at the same time, just like there are multiple optical fibers of the same speed at the same time. Depending on the technology, the transmission capacity will grow in different multiples, that is, if a single optical fiber is separated into N different bandwidths and transmits N different wavelengths of optical carriers using WDM technology, it is equivalent to N optical fibers, thus solving the problem of insufficient transmission capacity. In practice, currently the combination of SDH over WDM can increase the transmission rate of a single optical fiber by tens of times.

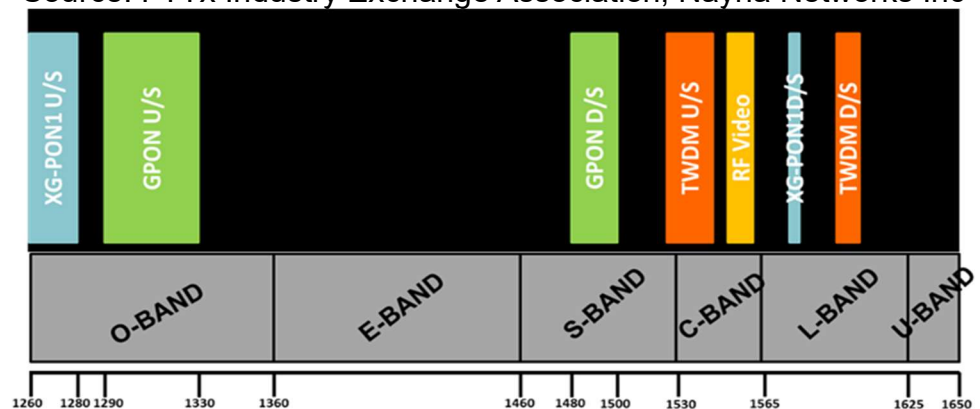
In the access network part, it is mainly the connection between users and the network service providers, and the main transmission methods are twisted pair, coaxial cable, and optical fiber. FTTx technology is mainly used to apply optical fiber to the access network, ranging from the center office equipment of the regional telecom server room to the user terminal equipment. Important local equipment includes Optical Line Terminal (OLT), and user terminal

equipment includes Optical Network Unit (ONU) or Optical Network Terminal (ONT). Based on the distance from the fiber to the user, it can be divided into four types of services, such as Fiber To The Cabinet (FTTCab) and Fiber To The Curb (FTTH). Verizon, a Nn U.S. operator, refers to FTTCab and FTTH together as Fiber To The Premise (FTTP). FTTCab, FTTC, FTTB, FTTH and other synthetic FTTx is the implementation strategy for building optical fiber access networks, rather than specific access technologies, and different FTTx networks will have different access technologies.

Optical fiber access network architecture / PON-like products bandwidth distribution



Source: FTTx Industry Exchange Association, Nayna Networks Inc



(3) Optical Communication Components Overview

Optical communication components can be divided into two major categories: active and passive components. Active components mainly include optical transmitters, optical receivers, optical transceiver modules and optical amplifiers. Optical transceiver modules (including optical transmitters and optical receivers) are essential components for data transmission and reception in optical fiber communication, mainly for optical signal conversion, and are commonly used in DWDM, SONET/SDH and PON network architectures. Optical amplifiers (such as EDFA-Erbium Doped Fiber Amplifier) are mainly used to increase the transmission distance and compensate for the additional optical loss caused during transmission. Optical passive components are mainly used for the connection components between optical line terminals (OLTs) and optical network units (ONUs) of cable TV (CATV), data networks (Datacom) and telecommunication networks (Telecom), the connection components between optical splitter equipment and chassis in between FTTx and the client, and the connection components between the main network equipment and optical cables of

telecommunication operators. The passive components of optical communication include optical fiber connector with optical signal connection function, patch cord, splitter, WDM, VOA which can adjust the size of the light signal, and optical isolator to make the optical signal travel in one direction and optical switch (Switch) and other components. The characteristics of optical passive components generally are required to be small size, low loss, resistance to environmental changes, and high reliability.

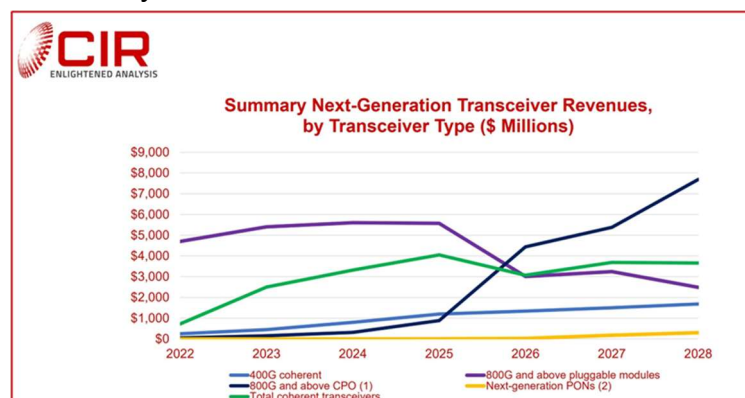
For the 5G networking architecture, Browave's product platform focuses more on the key optical components used in transceivers of SiP base, special optical connector, and ultra-low energy loss patchcord and WDM optical modules used in Fronthaul/Backhaul PON. The overall development trend of the platform continues to keep pace with the next-generation passive optical network progress.

The communication industry has become key to the national power of many countries. The development and application of 5G communications has even become a means of trade war, demonstrating the importance that governments place on the communications industry. Driven by advanced network services, such as cloud computing, self-driving car operation, telemedicine, etc., the construction of higher density and higher bandwidth hardware will be accelerated, which will further drive the demand for optical fiber communication related products. Browave will continue to focus on the response to the new trends and improve the quality of our products and manufacturing technologies to strengthen our competitiveness in the industry.

In the data center business, we will continue to focus on 100G/400G client design in, with platforms such as CWDM4, DR8, FR4 and 2xFR4. We will strengthen our core competency in the basic optical portfolio platform and focus on key components for silicon photonic products to increase the share of key components in optical transceivers. To meet the growing demand of the data center business, we provide vertical integration of optical module assembly with automatic assembly as the main axis of process technology.

(4) Coherent Network

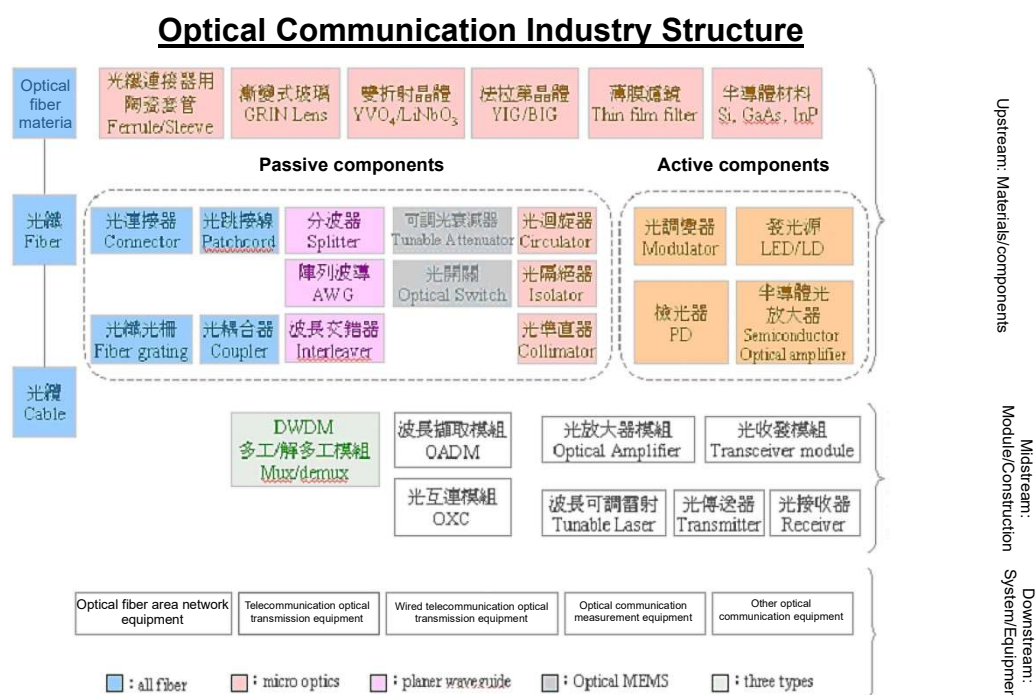
To cope with the requirements of 800G and above high-speed network transmission, communication systems and data centers use coherent optical modules for transmission, which results in higher optical losses in larger transmission systems. For systems with transmission distances over 10 km, some have started to consider using optical amplifiers to ensure the transmission of coherent optical network systems, which is also a trend for the next five years.



2. The correlation among the upstream, midstream, and downstream industries:

The optical communication industry can be divided into optical fiber materials, optical cables, optical communication components, and back-end transmission equipment, while optical communication components include optical passive components and optical active components. Optical active components involve the conversion of energy between light and electricity, while optical passive components do not involve the conversion of energy between light and electricity, and are mainly for transmission. Among the back-end access equipment technologies, broadband network operators can be divided into Broadband PON (BPON), Ethernet PON (EPON/GPON), Gigabit PON (GPON), and next generation PON (NG-PON) according to different transmission standards and specifications for the last mile of access technology.

We are a specialized R&D, manufacturing and sales vendor of optical communication components and modules, and expect to become a leading vendor of optical communication components and modules. The following diagram shows the upstream, midstream, and downstream industry structure of optical communications.



Source: Taiwan Optical Communication Industry Alliance (TOCIA)

3. Product Development Trends

With the rise of the Internet, the demand for network bandwidth is growing rapidly and the demand for network hardware upgrades is also rising, driven by applications such as digital video content, smart mobile devices, and online games. Especially when demand for DWDM/CWDM, EPON/GPON/ NG-PON, SONET/SDH network related equipment is increasing day by day, high bandwidth and integration has become the trend and direction of product development, and micro multi-functional optical components and micro optical modules have become the development trend. In recent years, telecommunications and

multimedia service operators have been promoting the rise of Triple Play applications that integrate data, audio, and video. Consumers' demand for audio and video download services has increased rapidly. Global industry leaders continue to promote cloud computing technology services. It is expected that fiber-to-the-home (FTTH), fiber-to-the-building (FTTB) and other related optical communication products will also become the main demand development direction.

Recently, 5G concept products continue to gain momentum. Investment in 5G and optical transmission-related fields continue to increase by various countries, and is expected to continue to increase. The ICT industry is facing a huge change, and the value of communication becomes more prominent. Currently, with the rise of emerging technologies such as cloud computing, Internet of Things, 5G, and AI, all industries are actively embracing the trend of digitalization, and the transformation of enterprises is still a matter of great urgency. In the face of strategic emerging industries, optical communication vendors are actively transforming and upgrading themselves, from specialized to broad, diversified, and all-round development, cultivating more new points, and building stronger comprehensive strength. The emergence of new technologies and applications such as 4K, 8K, autonomous driving, VR/AR and 5G will drive another wave of development in optical communications.

Starting from 2023, the high-speed transmission will use coherent technology to build 800G or above, which will also drive a new trend of miniaturized components for QSFP-DD and OSFP packaging.

4. Market Competition

In the face of competition from Southeast Asian vendors, the Company combines the overall competitive advantages of Taiwan head office management, market research and development capabilities, and the high-quality, low-cost manufacturing of its Mainland subsidiary to provide customers with products and services at a high cost-performance ratio. From basic component and module design to manufacturing engineering, production, and logistics services, we provide proprietary iCM services and OEM and ODM business models to the industry. In terms of iCM, we provide “best manufacturing services” by planning dedicated process services and production lines for customers' and protecting the intellectual property rights of customers' products with strict personnel access control and systematic document management. In terms of ODM, we provide customers with high-quality, low-cost products with strong engineering execution and achieve the goal of quick response and on-time delivery. Over the years, we have gained the trust of our customers and have gradually gained an edge in the optical communication OEM market.

In order to continuously strengthen our competitiveness in the market, we are now dedicated to the design of small optical components and the trial production for products of high-end specifications. With the continuous improvement of technology, we can produce high quality modules of various specifications in large batch quantities according to customer requirements. With the marketing experience in many customers, the Company's innovative R&D technology, and the strong and solid engineering execution and manufacturing service capability, the continuous growth of sales and profit in recent years has proved that Browave is a design manufacturer that can bring value to customers and is highly competitive in the market.

In the highly competitive optical communication market, Browave has been able to maintain good interactions and relationships with optical component manufacturers in Europe, U.S., and Japan. With the full collaboration of equipment and material suppliers, Browave has been able to meet the various needs of customers, know well component specifications through product production, and reduce operational risks in order to reposition the Company in the global market. In the future, we will increase the percentage of automation in our manufacturing processes to achieve higher product advantages. In addition to continuing to provide quality products at low prices, we will also continue to develop and refine our manufacturing and personnel costs and technologies to maintain a high level of competitiveness. In addition, we intend to change the current make-to-order model to the collaborative development for research direction with upstream customers and downstream suppliers, and to replace the competitive mode of order snatching by low price with technology and product design oriented competition.

As a world-class specialized process manufacturer, Browave is able to provide quality products and services to customers all over the world with favorable prices and fast speed as a supplier in the optical passive component market.

(3) Technology and R&D Overview

1. Combined technology development and market direction

The optical communication market will continue to develop towards higher speed, smaller size, and more functional products to meet customer needs. In the application development of optical transceiver modules, the transmission speed has reached 400Gbps (4x100G) and 800Gbps (8x100G or 4x200G). Due to the limitations of active components, it will become difficult to achieve a single-channel transmission speed beyond 200Gbps. Therefore, to achieve higher transmission speeds (such as 1.6Tbps), it can be realized through a combination of 16x100G or 8x200G. As the demand for data increases, new product technologies must continue to emerge.

In the future market trends, silicon photonics chips are the key technology direction for integrating optical and electrical signals. Related packaging technologies are also continuously developing, especially the optical input and output (OIO) technology, including on-board optics (OBO), near package optics (NPO), and co-package optics (CPO) technologies.

Browave Corporation is continuously following the market demand, particularly conducting in-depth research on new array-type products to achieve product miniaturization and multifunctionality. In response to customer demands for silicon photonics technology, the company has also been developing new technology products such as 2D Arrayed Thin Film Filter WDM and Polarization Maintaining Fiber Array. In addition, Browave Corporation is working closely with related suppliers to develop critical components, with the aim of mastering component technology and integration capabilities in developing miniaturized array products to meet market demand and challenges.

2. R&D expenses for the most recent year

Unit: In thousands of NTD

Item \ Year	2022	2023
R&D expenses	107,566	97,642
Operating revenue	3,210,572	2,779,058
R&D expenses as a percentage of operating revenue	3.35%	3.51%

(4) Long- and short-term business development plans

1. Short-term development plan

Item	Development Plans
Product Strategy	<ol style="list-style-type: none"> 1. Continuously improve existing products and strictly strengthen quality control. 2. Continuously develop products that meet market needs to ensure that the Company's market share continues to grow.
Production Strategy	<ol style="list-style-type: none"> 1. Strengthen the control of cost and employee stability, implement quality policy to continuously improve the product production efficiency, and develop multi-functional skills of production staff to maximize the flexible adjustment of production capacity. 2. Select strategic suppliers to establish a good interaction model, in the spirit of mutual benefit, to obtain sufficient production capacity and bargaining space, and maintain a competitive cost advantage. 3. Integrate the management of outsourced vendors to promote the stability of quality and competitive advantage in the market. 4. Establish independent production efficiency and yield improvement technology, and move towards Lean Manufacturing.
Marketing Strategy	<ol style="list-style-type: none"> 1. Strengthen local distribution systems, build up market economies of scale, and expand global markets for mass-produced optical communication components. 2. Refine the design service function and implement just-in-time supply policy to meet customers' product development and mass production needs. 3. Maintain good interaction with customers and take the initiative to understand their needs in depth to achieve the goal of customer satisfaction. Based on existing business, actively explore new customers and expand market share by utilizing existing product lines. 4. Focus on the OMI (Optical Manufacturing Integration) OEM model for optically dependent components, strive for an One Piece Flow production structure and continue to improve processes, expanding from optical component assembly to electromechanical integration to provide customers with the most complete OEM services.
Financial Strategy	<ol style="list-style-type: none"> 1. Adopt prudent management principles. 2. Use our own capital and operating earnings as the main operating capital, supplemented by bank financing.

2. Long-term development plan

Item	Development Plans
Product Strategy	<ol style="list-style-type: none"> 1. Continue to develop products related to the optical communication industry, and gradually expand product applications from telecom and network operators to the consumer product market. 2. Improve ODM/OEM/ICM collaboration with global industry leaders to develop mainstream products and become a major supplier or strategic alliance partner of global industry leaders to increase production scale, improve product quality, reduce costs, and enhance the Company's overall competitiveness. 3. Closely integrate new product development with the Company's core technologies and patented technologies to enhance the competitive edge of product technologies and increase the gap in technological capabilities between the Company and competitors. 4. Closely collaborate with strategic customers in product and application development, keep abreast of new technology development and application, and jointly develop products that meet market trends.
Production Strategy	<ol style="list-style-type: none"> 1. Improve manufacturing process to meet the trend of environmental protection and green product development to promote pollution-free manufacturing process. Establish a flexible production mechanism to respond to rapid changes in the market, improve production efficiency, and reduce the chance of errors, so as to meet the dual requirements of fast production and high quality. 2. Strengthen the division of work between the two sides of the Taiwan Strait, support customers' needs for economies of scale, and develop production aids and automated equipment to increase production efficiency, improve quality, and achieve cost reduction at the same time. 3. Implement total quality management to maintain the best internal operation process at all times and reduce the use of human resources through the introduction of intelligent information systems. 4. In addition to the original headquarters in Hsinchu, Taiwan and the factory in Zhongshan, Guangdong, a new factory has been established in the Philippines to provide flexible scheduling and meet the diverse needs of end customers through production in the three locations.
Marketing Strategy	<ol style="list-style-type: none"> 1. Provide the best service to our customers in all aspects throughout the process. 2. Leverage the Company's existing core technology capabilities and the Company's determination and action to continuously improve technology. 3. Continue to collaborate with international communication leaders, invest in research and development of new products/niche markets, and establish partnerships with each other so that the Company can become one of the mainstream

Item	Development Plans
	product suppliers in the industry.
Financial Strategy	<ol style="list-style-type: none"> 1. Strengthen foreign exchange management, appropriately use financial hedging instruments, and determine costs and profit to reduce foreign exchange risk and minimize foreign exchange losses. 2. Pursue maximum profitability, accumulate operating capital, and provide cash for the Company's development. 3. Expand capital raising channels in the capital market and obtain operating capital at the best cost to facilitate the development of various projects.
R&D Strategy	<ol style="list-style-type: none"> 1. Continue to develop technology for future high-speed broadband products to build up core technologies and establish competitive advantages. 2. Pursue product quality design and R&D to address the demand for quality products and develop related products for the future market. 3. Strengthen R&D process, efficacy, and patent layout to support market growth.

2. Market and Production & Sales Overview

(1) Market Analysis

1. Major Product Sales Regions

Unit: In thousands of NTD

Region \ Year		2022		2023	
		Amount	Percentage	Amount	Percentage
Domestic sales		6,942	0.22%	4,817	0.17%
Export Sales	Americas	1,820,641	56.71%	939,193	33.80%
	Europe	460,066	14.33%	1,273,842	45.84%
	Asia	915,656	28.52%	553,117	19.90%
	Others	7,267	0.22%	8,089	0.29%
	Subtotal	3,203,630	99.78%	2,774,241	99.83%
Total		3,210,572	100.00%	2,779,058	100.00%

2. Market Share

We are engaged in OEM/ODM/ICM production, sales and R&D of optical communication components and modules. The variety of optical communication components is vast, and the specifications are difficult to standardize due to different demands and applications. Most of the products produced by Browave Corporation are customized to meet specific technical requirements, making it challenging to estimate objective market share statistics.

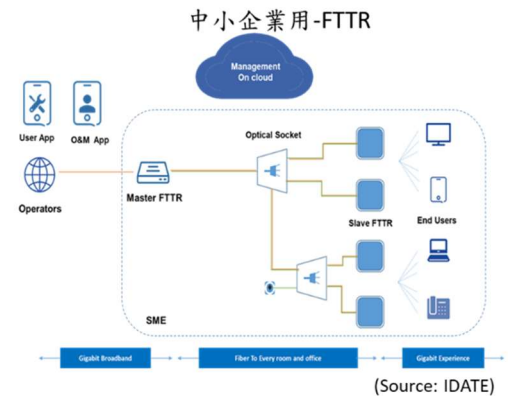
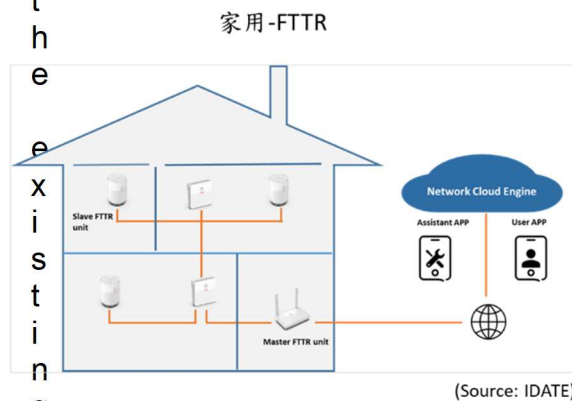
3. Future Market Supply and Demand and Growth

Optical communication equipment relies on the investment and drive of governments' telecommunications infrastructure and telecom companies' customer demand. This is a more stable market with less significant fluctuations compared to the consumer electronics market. Therefore, optical communication is a part of the necessary communication infrastructure, closely related to government policies and telecommunications service company strategies. As various countries expand their investment and deployment in infrastructure, the continuous drive for digital video and audio content, smartphones, cloud applications, and online gaming leads to a significant increase in bandwidth demand. Recently, the five major federal funding sources in the United States have continued to inject funds into broadband construction, and broadband investment continues to maintain its investment intensity, including related organizations such as CAA, ARPA, RDOF, and BEAD. Cable TV operators in North America are also working on the CableLabs broadband standard DOCSIS 3.1 or even DOCSIS 4.0 to standardize downlink and uplink to 10Gbps. In terms of PON development, major operators are currently focusing on 10G PON as the mainstream development, with XGS PON being the most prosperous market in Europe and the US.

(1) Optical Communication Industry Trend

FTTR(Fiber-To-The-Room):

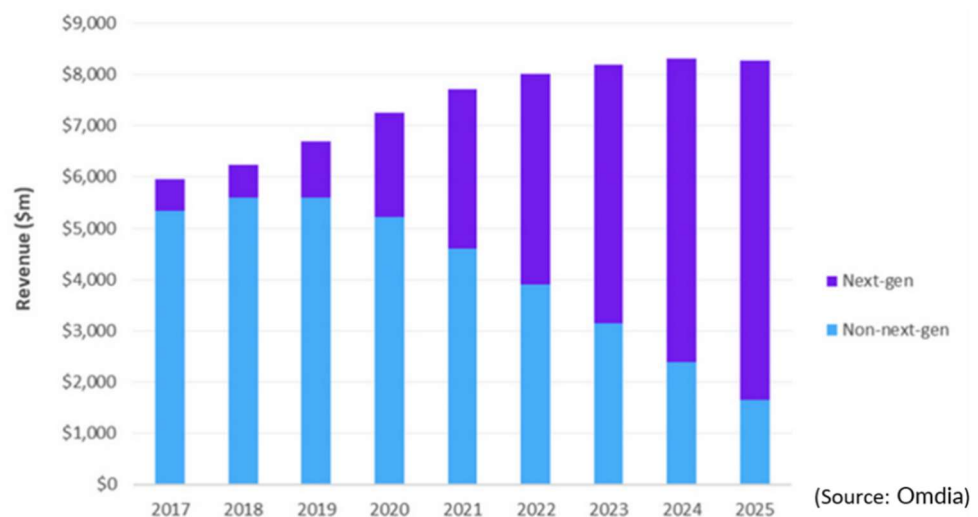
Simply put, it refers to achieving FTTH, "from the last mile to the last meter." Its access speed will reach the level of 1Gbps, which is ten times faster than

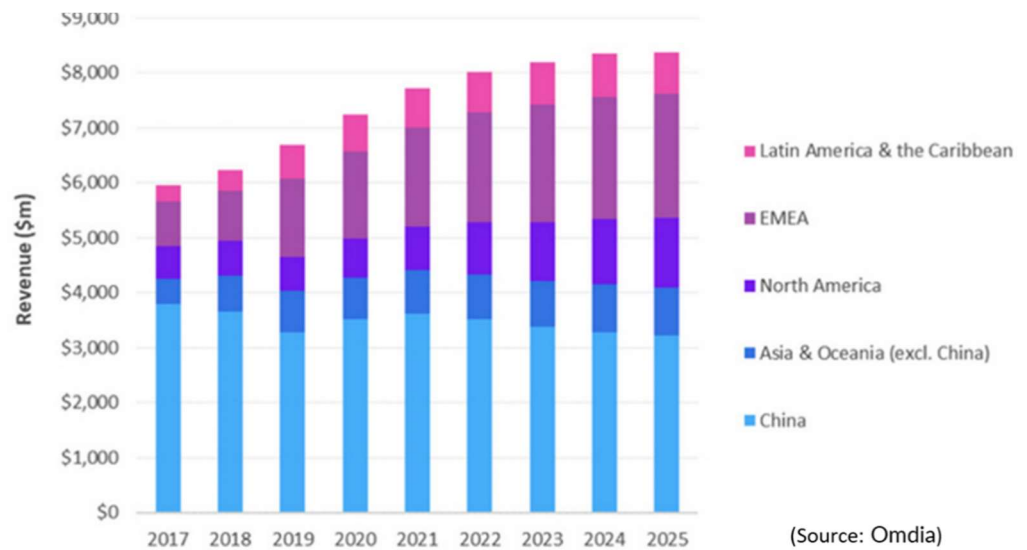


FTTH access speed (100Mbps). Additionally, in terms of energy consumption, fiber optic can reduce energy loss by about 30%, making it a more environmentally friendly and green option.

Global PON Equipment Market Trend:

The PON equipment market is currently undergoing the transition from old to new generation and demand remains strong. The next generation PON includes 10G, 25G PON, 50G PON, etc. The main force is led by 10G PON. In addition to the original Japanese and Korean markets, European and North American regional Cable operators are also starting to increase their efforts towards 10G PON.





(2) CATV Market

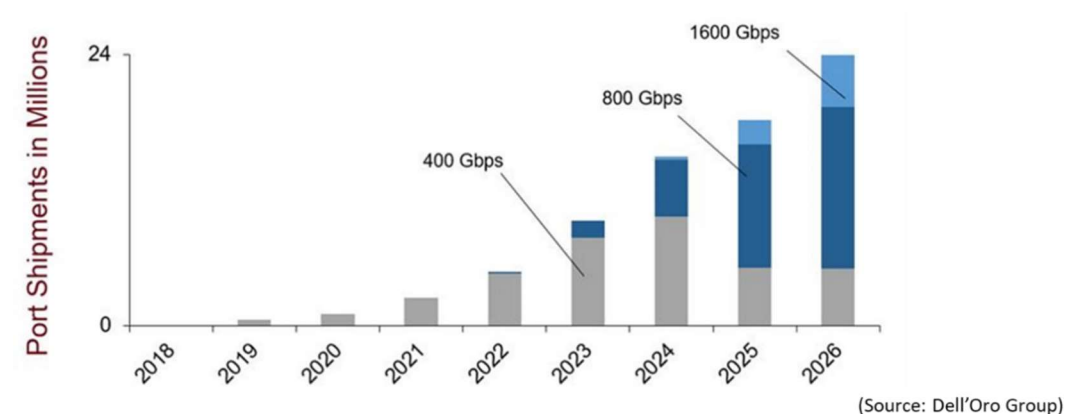
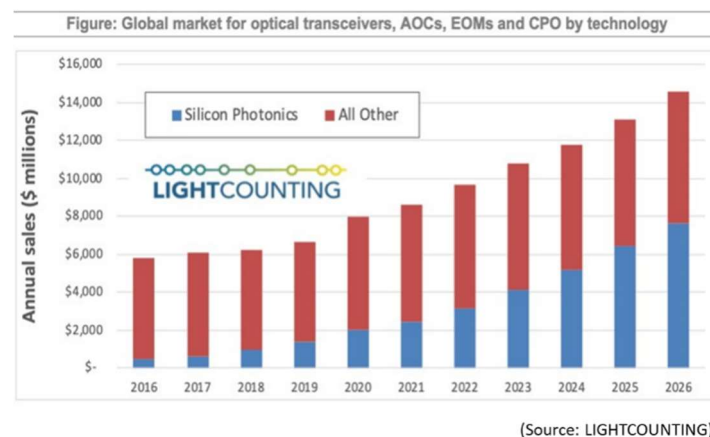
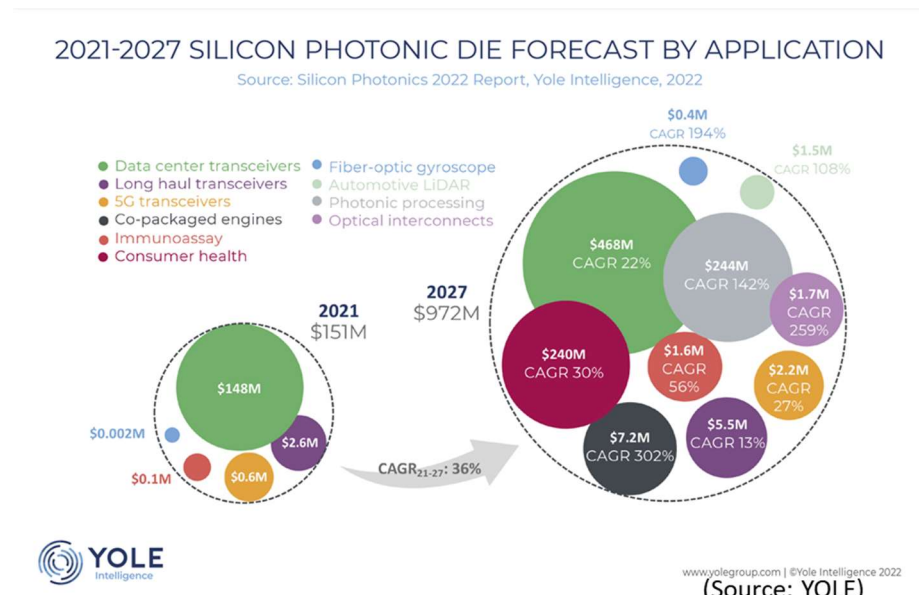
The Data Over Cable Service Interface Specification (DOCSIS) is the main axis of development for different stages of transmission interface specifications. DOCSIS is an international standard developed by CableLabs, the cable standards organization. DOCSIS defines the interface for communication and operating support required to provide data services over cable, and it was developed to enable high-speed data communications over existing cable systems. It is used by many cable operators to provide Internet access over existing HFC infrastructures. The earliest version 1.0 of DOCSIS standard (shown below) was announced in 1997 and supported 40Mbps/10Mbps (Down-stream/Up-stream speed). In October 2013, DOCSIS 3.1 was announced, which greatly enhanced the uplink and downlink speeds to support 10 Gbit/s downlink and 1 Gbit/s uplink, and reconstructed the channel specification. The latest DOCSIS 3.1 Full Duplex, released in October 2017, introduced uplink and downlink peering rates, supporting up to 10 Gbit/s. This specification will be transformed into DOCSIS 4.0, which will be adopted this year. All of these DOCSIS versions maintain cross-backward compatibility between the Cable Modem and Cable Model Termination System.

	DOCSIS 1.0	DOCSIS 1.1	DOCSIS 2.0	DOCSIS 3.0	DOCSIS 3.1	FULL DUPLEX DOCSIS 3.1
Highlights	Initial cable broadband technology	Added voice over IP service	Higher upstream speed	Greatly enhances capacity	Capacity and efficiency progression	Symmetrical streaming and increased upload speeds
Downstream Capacity	40 Mbps	40 Mbps	40 Mbps	1 Gbps	10 Gbps	10 Gbps
Upstream Capacity	10 Mbps	10 Mbps	30 Mbps	100 Mbps	1-2 Gbps	10 Gbps
Production Date	1997	2001	2002	2006	2013	2017

(3) Silicon Photonics Optical Transceiver Market

The silicon photonics chip market is expected to grow at a compound annual

growth rate of 36% from 2022 to 2027, with data centers, 5G, photonic computing, long-range optical transceivers, active optical cables, and automotive LiDAR being the major growth sources. In particular, the data center transceiver segment is expected to have the highest growth rate, reaching 22% by 2027, accounting for nearly half of the silicon photonics applications.



4. Competitive Edge

(1) Customized products with market competitiveness

We have strong engineering execution capabilities, including manufacturing engineering, basic component and module design, and production, which enable us to achieve the goals of rapid response and on-time delivery to provide customers with high-quality, low-cost products.

(2) Focus on increasing the proportion of process automation to be cost competitive

Focus on key core processes, introducing active or passive optical coupling algorithm mode, visual image judgment, packaging and curing processes. Increase process automation proportion to reduce manual adjustments to meet mass production volume requirements and cost competitiveness.

(3) Quality policy

The most important thing for us is customer-oriented quality improvement engineering, which is divided into resource management, production quality management and customer feedback management. The Company attaches great importance to the stability and compatibility of our products in terms of quality. We strictly implement the quality management system required by ISO 9001+ and TL9000 to ensure good communication, control and financial records of the work performed. Our products passed various verification such as the IECQ (International Electrotechnical Commission Quality Assessment System) reliability test and the internal certification of Telcordia (Bellcore) for miniaturized plug filters, and the certification of Telcordia GR-1221 and GR-326 for PLC optical splitters and fiber connectors, and the certification of CATV-EDFA by the National Radio and Television Administration of PRC, and the certification of Telcordia GR-1312 for module products, all ensure the quality reliability of the Company.

(4) With expertise in optical communication module components

The core of Browave's technology development includes optical component technology and module technology. They cover fiber fusion tapping, micro-optics, and planar waveguide technologies. In addition, with the trend of high bandwidth and integration, our micro and small component integration technology with multi-function is beginning to show strong competitiveness. We are currently working on the design of low-cost small optical components and the trial of high-end specification products. We have developed a high channel fiber splitter module (PLC-Splitter 1X64), a miniaturized multi-wavelength division multiplexer module (CCWDM/CDWDM), and a customized integrated miniaturized passive optical component for active optical transceiver modules. With this continuous improvement of technology, Browave is now able to produce high quality modules of various specifications in high volume according to customer requirements, and will engage in the manufacturing of high value-added multifunctional modules and subsystems.

(5) OMI (Optical Manufacture Integration) OEM model

Command key optical devices for SSI (Sub System Integration) module integration, thus simplifying the overall supply chain, realizing the concept of

total matching, and enhancing the competitiveness of module products.

5. Favorable Factors and Unfavorable Factors of Development and Countermeasures

(1) Favorable factors

A. Large production base and sufficient production lines for emergent large shipments

The subsidiary's production base in Zhongshan Torch Development Zone, Guangdong, meets ISO 9000/ISO 14000 requirements for quality and environmental protection, and has become a stable and specialized OEM partner for important optical communication customers in Europe, the U.S. and Asia, providing them with perfect intellectual property protection. In order to achieve a favorable competitive position, Browave has developed complete product lines and a flexible production process to meet the needs of customers in a single purchase, and to reduce the risk of the product lines in the market through product diversification.

B. Complete products

We actively develop, manufacture and sell optical communication components and modules, such as optical fiber collimators, optical fiber isolators, optical fiber couplers, dense wavelength division multiplexers, coarse wavelength division multiplexers, doped optical fiber amplifiers, planar optical waveguide splitters, micro optical detectors, micro multifunctional components, etc. Use the most advanced all-fiber and micro-optical technology to provide a series of products and other special specification products to meet customer's needs. Customers' perception of the Company is that we are a specialized vendor in the R&D and production of optical fiber communication component modules.

C. Have abundant quality policies and product reliability certifications

We are committed to providing quality products and services to our customers in order to meet the contract and requirements specified by our customers. We have been doing our best to meet the various reasonable requirements of our customers in terms of specifications, quality, etc. In order to maintain the high quality and stability of all our work, we strictly implement a quality management system that meets the requirements of ISO 9001, ensuring that we have good communication and control records of our work.

(2) Unfavorable factors and countermeasures

A. Customized products are difficult to produce in large quantities in a standardized manner, which affects production efficiency

Since optical communication components and modules are highly customized products, there is a wide variety of products and it is difficult to standardize the specifications, so customers' product demands are for small quantity and diverse. In order to quickly meet the diverse needs of customers, we must also consider short lead times and the large variation in product specifications, which makes the performance of the production lines more difficult to control.

Countermeasures:

- a. We are working on a standardization system for some products, and hold regular meetings to review and strengthen the standardization of

products.

- b. Conduct regular and occasional production and sales meetings to discuss how to proceed for products that can be standardized and how to adjust production capacity for products that cannot be standardized to improve efficiency.
- c. Select customers and product applications, build automation capabilities year by year, and focus on mass production of specific products.

B. Optical fiber market is highly volatile

The optical fiber industry is greatly affected by market fluctuations, and optical communication has not yet been fully implemented in the consumer side, and was even affected by the downturn in 2009. The demand for optical fiber did not increase with the rise in bandwidth demand until 2010, when the economy recovered.

Countermeasures:

- a. The Company's production lines are flexible and can be adjusted in response to changes in the optical fiber market. Regular production meetings are held to adjust production line configurations in a timely manner to meet current industry conditions.
- b. We require compound production skills for our production line personnel to respond to changes in market demand in order to reduce waste of talent, and our employees can be adjusted as production lines are deployed.

C. Production backup base

Respond to the concerns about higher costs as the U.S. trade war with China on commerce tariffs.

Countermeasures:

- a. Short-term: In addition to negotiating prices with customers, we have initiated a plan to establish a new production facility in Southeast Asia in 2023.
- b. Medium-term: The mentioned production facility is scheduled to commence full-scale production from 2023. It serves as an additional production base to meet the diverse demands of end customers and align with the geographic diversity of the supply chain. The scope of the facility includes:
 - I. Managing tariff risks under trade wars.
 - II. Diversifying risks from natural disasters and force majeure events.
 - III. Flexible scheduling of production across the three locations.

(2) Important applications and production process of major products

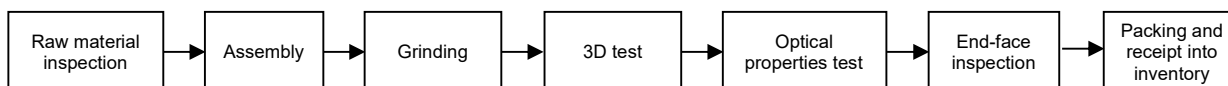
1. Important applications of major products

Product	Application
WDM Product	Wavelength division and multiplexing in optical fiber communication systems
Branch Product	Distribution of optical energy in optical fiber communication systems
AMP Product	Amplification of optical energy in optical fiber communication systems
OIN Product	Connection function of optical fiber communication systems

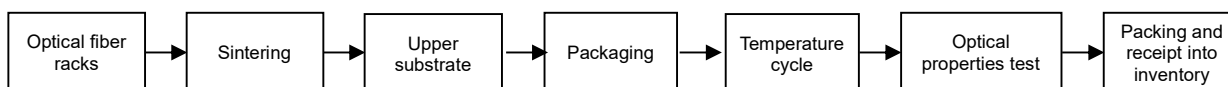
2. Production process of major products

Major products are divided into four categories according to different manufacturing processes.

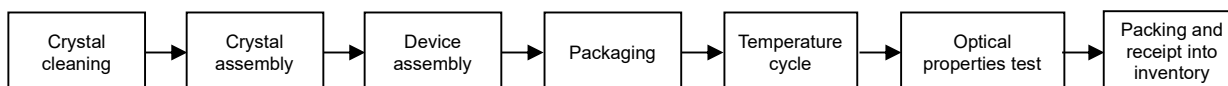
Optical Fiber Connection Components



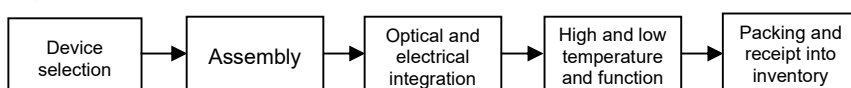
Full Optical Fiber Components



Micro-optical Components



Integrated Module



(3) Supply of main raw materials

The main raw materials of our products are optical parts and connector parts, which are supplied by well-known domestic and foreign vendors with stable supply and excellent quality.

(4) The names of suppliers and customers who accounted for more than 10% of the total purchases (sales) in any of the most recent two years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease.

1. Information on Major Suppliers

Unit: In thousands of NTD

Item	2022				2023			
	Name	Amount	As a Percentage of the Annual Net Purchase Percentage (%)	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Purchase Percentage (%)	Relationship with the Issuer
1	Vendor F	138,285	9.35	Non-related party	Vendor D	547,323	37.36	Non-related party
2	Vendor D	95,864	6.48	Non-related party	Vendor I	108,498	7.41	Non-related party
3	Vendor K	79,989	5.41	Non-related party	Vendor G	102,690	7.01	Non-related party
4	Vendor I	59,789	4.04	Non-related party	Vendor F	33,496	2.29	Non-related party
5	Vendor G	52,759	3.57	Non-related party	Vendor K	28,349	1.94	Non-related party
6	Others	1,052,323	71.15	-	Others	644,602	44.00	-
	Net purchase	1,479,009	100.00	-	Net purchase	1,464,958	100.00	-

The reasons for the increase or decrease: Change in demand for materials purchase is affected by change in orders from major customers.

2. Information on Major Customers

Unit: In thousands of NTD

Item	2022				2023			
	Name	Amount	As a Percentage of the Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Sales (%)	Relationship with the Issuer
1	Customer C	1,227,248	38.22	Non-related party	Customer L	995,322	35.82	Non-related party
2	Customer F	508,463	15.84	Non-related party	Customer C	598,162	21.52	Non-related party
3	Customer T	165,218	5.15	Non-related party	Customer F	325,774	11.72	Non-related party
5	Others	1,309,643	40.79	-	Others	859,800	30.94	-
	Net sales	3,210,572	100.00	-	Net sales	2,779,058	100.00	-

The reasons for the increase or decrease: Due to change in customer demand.

(5) Production volume and value for the most recent two years

Unit: Pieces; In thousands of NTD

Annual Production Volume and Value Major Products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
WDM Product	4,247,370	967,280	1,013,533	4,886,500	261,235	354,352
Branch Product	3,064,294	1,891,106	757,156	4,345,000	1,244,882	428,094
AMP Product	455,866	219,894	195,940	642,840	190,667	121,424
OIN Product	8,209,845	1,443,632	302,353	8,270,000	2,593,985	950,276
Others	-	30	332	-	42,713	2,600
Total	15,977,375	4,521,942	2,269,314	18,144,340	4,333,482	1,856,746

(6) Sales volume and value for the most recent two years

Unit: Pieces; In thousands of NTD

Annual Sales Volume and Value Major Products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
WDM Product	961	1,367	711,193	1,533,223	613	1,658	711,126	588,342
Branch Product	266	167	1,985,781	978,045	1,106	813	1,376,761	617,189
AMP Product	1,680	540	216,323	267,066	156	193	192,630	175,692
OIN Product	23,319	4,136	3,790,992	421,709	11,228	1,931	3,478,791	1,385,335
Others	6,007,726	732	13,322,233	3,587	714	222	30,449,131	7,683
Total	6,033,952	6,942	20,026,522	3,203,630	13,817	4,817	36,208,439	2,774,241

3. Information on Employees

Year		2022	2023	March 31, 2024
Number of Employees	Number of employees at the beginning of the period	1,427	1,442	1,135
	New employees during the period	705	302	9
	Separated employees during the period	690	609	165
	Number of employees at the end of the period	1,442	1,135	979
	Total	1,442	1,135	979
Average Age		31.87	33.27	31.87
Average Years of Service		5.07	6.21	5.07
Education Distribution (%)	Doctoral degree	0.1	0.2	0.2
	Master degree	2.8	3.5	4.1
	University or college	16.1	16.8	19.0
	Senior high school	36.6	30.2	30.6
	Below senior high school	44.4	49.3	46.1

4. Information on Environmental Protection Expenditures

- (1) The total amount of losses and penalties for environmental pollution in the last two years and as of December 31, 2023: None
- (2) Future countermeasures and possible expenditures: None

5. Labor Relations

- (1) List the Company's employee welfare measures, training, education and retirement systems and their implementation, as well as the agreements between management and employees and measures to protect the rights and interests of employees:

1. Employee Welfare Measures and Implementation

In addition to the implementation of Labor Standards Act and related laws and regulations, the Employee Welfare Committee coordinates employee benefits, including wedding, funeral, childbirth, travel subsidies, and festival gifts and coupons, etc. The Company also provides group insurance and regular health checks for employees. With a view to caring for the health of employees, maintaining the working environment, and attaching importance to environmental protection, the Company implements the "Safety and Health Management Plan" and has an access control monitoring system in the plant, connected with security companies at night and on holidays to jointly maintain safety; all machinery, equipment and appliances are regularly maintained and inspected, and contracted vendors are managed for safety maintenance. Disaster prevention and response measures are implemented in accordance with the "Disaster Recovery and Reconstruction Measures", and a protection team is established and safety protection drills are conducted regularly.

2. Continuing Education and Training

To enhance the specialized ability of employees, the Company holds internal training courses from time to time, and sends employees to attend training courses held by external organizations as needed.

Information on employee continuing education and training in 2023

Item	Total Number of Attendees	Total Hours	Total Spending (NTD)
On-the-job specialized training	38	404	51,526
New employee training	25	30	0
Fire drill	24	96	9,300
On-the-job training	301	362	0

3. Retirement System and Implementation

In order to enhance retirement protection and strengthen labor-management relationship, the Company contributes 6% of monthly salary to the retirement reserve in accordance with the Labor Pension Act and deposits it in the special account managed by the Bureau of Labor Insurance.

4. Labor-Management Agreements and Various Measures to Protect Employees' Rights and Interests

Since the establishment of the Company, there has been no dispute requiring a labor-management agreement. The Company holds quarterly labor-management meetings to facilitate adequate communication between employees and management and to create a harmonious labor-management relationship.

- (2) The losses suffered by the Company due to labor disputes in the most recent two years and the current year up to the date of publication of the Annual Report, and the estimated amount of current and potential future losses and countermeasures and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None

6. Cyber Security Management

- (1) Describe the risk management framework for cyber security, cyber security policies, specific management plans, and resources devoted to cyber security management:

1. Risk Management Framework for Cyber Security

The Company has established an information security team, responsible for supervising the implementation of information security prevention, crisis notification, emergency response handling and other related work in each unit. The head of the Management Information Department is the convener of the team, and the members include personnel of the Management Information Department, and there are three groups: security prevention group, crisis handling group, and audit group.

In accordance with Article 9-1 of the Guidelines for Establishing Internal Control Systems for Publicly Issued Companies and the Directive No. 11003656544 issued by the Financial Supervisory Commission on December 28, 2021, our

company appointed one dedicated security supervisor and one security specialist in November 2023. A senior manager from the Information Management Department was assigned as the dedicated security supervisor, while a senior engineer was appointed as the security specialist, responsible for overseeing the implementation and execution of information security policies.

2. Cyber Security Policies

- (1) The information security team plans and builds the overall protection environment for information system and network security, formulates information security management policies and systems, and implements security audits, network monitoring, and personnel security management mechanisms on a regular and irregular basis to strengthen the overall information security protection capabilities and reduce security threats and disaster losses.
- (2) The information security team performs real-time detection and prevention, monitoring and early warning. The team uses continuous monitoring tools to get the latest early warning information, and timely releases warning messages and controls the development trend within the unit to reduce the degree of damage.
- (3) Establish emergency response plans and related operating procedures to deal with information security incidents quickly and effectively.
- (4) Establish information system backup measures, regularly perform necessary data and system backup operations, and regularly conduct backup recovery exercises to verify the availability of backup data to ensure that the risk of information system operation interruption or loss of important data is reduced.

3. Specific Management Plans

- (1) Network security: Separate office and production network segments, configure independent wireless network controller and domain authentication mechanism.
Install firewalls between internal network segments to effectively manage cross-segment access security based on policies.
Upgrade the external gateway firewall to enhance advanced continuous threat prevention capabilities.
- (2) Endpoint security: Configure endpoint antivirus and security control software according to the types of information hosts to maintain endpoint security protection capabilities.
- (3) Application security: Configure mail gateway security system to maintain overall mail system operation security.
- (4) Backup recovery exercise: Perform backup operations according to backup plan and execute backup recovery exercise regularly to verify backup data availability.

4. Resources Invested for Cyber Security Management

- (1) The use of a remote work security monitoring and management system.
- (2) Utilize email gateway security systems along with endpoint antivirus and security management software to ensure continuous updates and maintain cybersecurity defense capabilities.

- (3) Implement backup policies and conduct regular backup and restore drills for critical information systems to ensure availability verification.
- (2) For the most recent year and the current year up to the publication date of the Annual Report: The possible impact and the countermeasures taken for losses suffered due to a major cyber security incident, and if the amount cannot be reasonably estimated, that fact shall be stated: None

7. Important Contracts

Nature of Contracts	The Party	Contract Starting and Ending Date	Main Contents	Restriction Clauses
Land leases	Hsinchu Science Park	2022/1/1~2040/12/31	Land leases	Agreed upon contract

VI. Financial Position

1. Condensed Balance Sheets and Statements of Comprehensive Income for the Last Five Years

(1) Condensed Balance Sheets and Statements of Comprehensive Income - IFRS

Condensed Balance Sheets - IFRS (Consolidated)

Unit: In thousands of NTD

Year Item		Financial Information for the Last 5 Years				
		2019	2020	2021	2022	2023
Current Assets		1,917,339	2,318,050	2,260,523	2,869,960	3,072,215
Property, Plant, and Equipment		586,628	550,509	477,510	349,481	388,322
Intangible Assets		5,495	4,659	6,868	4,144	3,154
Other Assets		181,408	168,217	136,298	144,667	99,209
Total Assets		2,690,870	3,041,435	2,881,199	3,368,252	3,562,900
Current Liabilities	Before Distribution	988,386	778,247	685,088	1,099,151	895,576
	After Distribution	1,074,192	966,464	760,375	1,415,356	1,185,523
Non-Current Liabilities		121,673	387,493	381,868	58,786	49,428
Total Liabilities	Before Distribution	1,110,059	1,165,740	1,066,956	1,157,937	945,004
	After Distribution	1,195,865	1,353,957	1,142,243	1,474,142	1,234,951
Equity Attributable to Owners of the Parent Company		1,580,811	1,875,695	1,814,243	2,210,315	2,617,896
Stock Capital		752,869	752,869	752,869	752,869	805,407
Capital Surplus		322,381	358,685	354,950	354,950	601,382
Retained Earnings	Before Distribution	731,799	875,280	788,012	1,164,308	1,283,885
	After Distribution	645,993	687,063	712,725	848,103	993,938
Other Equity		(82,657)	(62,458)	(81,588)	(61,812)	(72,778)
Treasury Stock		(143,581)	(48,681)	-	-	-
Non-Controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	1,580,811	1,875,695	1,814,243	2,210,315	2,617,896
	After Distribution	1,495,005	1,687,478	1,738,956	1,894,110	2,327,949

Note: The consolidated financial information for 2019 to 2023 were audited and attested by CPAs.

Condensed Balance Sheets - IFRS (Standalone)

Unit: In thousands of NTD

Year Item		Financial Information for the Last 5 Years				
		2019	2020	2021	2022	2023
Current Assets		1,220,709	1,648,179	1,586,884	2,095,944	2,417,955
Property, Plant, and Equipment		256,328	183,582	143,172	114,594	106,000
Intangible Assets		5,495	4,659	6,868	4,144	2,054
Other Assets		1,035,082	1,050,921	1,034,326	1,062,057	1,067,600
Total Assets		2,517,614	2,887,341	2,771,250	3,276,739	3,593,609
Current Liabilities	Before Distribution	891,719	686,096	624,091	1,018,420	927,447
	After Distribution	977,525	874,313	699,378	1,334,625	1,217,394
Non-Current Liabilities		45,084	325,550	332,916	48,004	48,266
Total Liabilities	Before Distribution	936,803	1,011,646	957,007	1,066,424	975,713
	After Distribution	1,022,609	1,199,863	1,032,294	1,382,629	1,265,660
Stock Capital		752,869	752,869	752,869	752,869	805,407
Capital Surplus		322,381	358,685	354,950	354,950	601,382
Retained Earnings	Before Distribution	731,799	875,280	788,012	1,164,308	1,283,885
	After Distribution	645,993	687,063	712,725	848,103	993,938
Other Equity		(82,657)	(62,458)	(81,588)	(61,812)	(72,778)
Treasury Stock		(143,581)	(48,681)	-	-	-
Total Equity	Before Distribution	1,580,811	1,875,695	1,814,243	2,210,315	2,617,896
	After Distribution	1,495,005	1,687,478	1,738,956	1,894,110	2,327,949

Note: The standalone financial information for 2019 to 2023 were audited and attested by CPAs.

Condensed Statements of Comprehensive Income - IFRS (Consolidated)

Unit: In thousands of NTD

Item \ Year	Financial Information for the Last 5 Years				
	2019	2020	2021	2022	2023
Operating Revenue	2,424,505	3,083,841	2,296,452	3,210,572	2,779,058
Operating Gross Profit	437,522	755,336	365,812	794,961	556,418
Operating Profit	130,226	443,186	107,775	473,812	240,922
Non-Operating Income and Expenses	55,751	(146,849)	(4,102)	112,829	284,735
Net Profit (Loss) Before Tax	185,977	296,337	103,673	586,641	525,657
Net Profit for the Period from Continuing Operations	140,767	229,091	81,644	451,583	435,782
Loss from Discontinued Operations	-	-	-	-	-
Net Profit (Loss) for the Period	140,767	229,091	81,644	451,583	435,782
Other Comprehensive Income for the Period (Net After Tax)	(69,355)	20,395	175	5,393	(10,966)
Total Comprehensive Income for the Period	71,412	249,486	81,819	456,976	424,816
Net Profit Attributable to Owners of the Parent Company	140,767	229,091	81,644	451,583	435,782
Net Profit Attributable to Non-Controlling Interests	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent Company	71,412	249,486	81,819	456,976	424,816
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	2.06	3.14	1.09	6.00	5.63

Note: The consolidated financial information for 2019 to 2023 were audited and attested by CPAs.

Condensed Statements of Comprehensive Income - IFRS (Standalone)

Unit: In thousands of NTD

Item \ Year	Financial Information for the Last 5 Years				
	2019	2020	2021	2022	2023
Operating Revenue	2,381,190	3,060,814	2,269,121	3,192,619	2,763,374
Operating Gross Profit	306,335	644,876	294,834	708,939	567,806
Operating Profit	66,293	392,128	92,619	444,602	319,383
Non-Operating Income and Expenses	105,041	(103,953)	5,165	116,973	199,098
Net Profit (Loss) Before Tax	171,334	288,175	97,784	561,575	518,481
Income Tax Benefit (Expense)	(30,567)	(59,084)	(16,140)	(109,992)	(82,699)
Net Profit (Loss) for the Period	140,767	229,091	81,644	451,583	435,782
Other Comprehensive Income for the Period (Net After Tax)	(69,355)	20,395	175	5,393	(10,966)
Total Comprehensive Income for the Period	71,412	249,486	81,819	456,976	424,816
Earnings Per Share	2.06	3.14	1.09	6.00	5.63

Note: The standalone financial information for 2019 to 2023 were audited and attested by CPAs.

(2) The name and the audit opinions of the attesting CPAs for the last five years

Year	CPA Firm	Certifying CPA	Audit Opinions
2019	PwC Taiwan	Cheng Ya-Hui, Li Dian-Yi	Unqualified opinion
2020	PwC Taiwan	Cheng Ya-Hui, Lin Yu-Kuan	Unqualified opinion
2021	PwC Taiwan	Li Dian-Yi, Lin Yu-Kuan	Unqualified opinion
2022	PwC Taiwan	Liu Chien-Yu, Lin Yu-Kuan	Unqualified opinion
2023	PwC Taiwan	Liu Chien-Yu, Hsieh Chih-Cheng	Unqualified opinion

2. Financial Analysis for the Last Five Years

Financial Analysis - IFRS (Consolidated)

<div> <div>Year</div> <div>Analysis item (Note 2)</div> </div>		Financial Analysis for the Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Capital Structure	Debt to assets ratio (%)	41.25	38.33	37.03	34.38	26.52
	Long-term capital to property, plant and equipment ratio (%)	290.22	411.11	459.91	649.28	686.88
Solvency	Current ratio (%)	193.99	297.86	329.96	261.11	343.04
	Quick ratio (%)	161.53	262.00	283.89	232.65	311.62
	Interests coverage multiplier	27.25	50.72	14.09	81.79	111.06
Operating Capacity	Accounts receivable turnover rate (times)	4.66	5.77	4.15	4.77	4.49
	Average collection days	78.32	63.25	87.95	76.51	81.29
	Inventory turnover rate (times)	4.33	6.42	5.24	6.50	6.36
	Accounts payable turnover rate (times)	4.19	4.97	4.21	5.51	4.49
	Average sales days	84.29	56.85	69.65	56.15	57.38
	Property, plant and equipment turnover rate (times)	4.02	5.42	4.47	7.76	7.53
	Total assets turnover rate (times)	0.95	1.08	0.78	1.03	0.80
Profitability	Return on assets (%)	5.74	8.16	2.97	14.64	12.68
	Return on equity (%)	9.43	13.26	4.43	22.44	18.05
	Net profit before tax to paid-in capital (%)	24.70	39.36	13.77	77.92	65.27
	Net profit margin (%)	5.81	7.43	3.56	14.07	15.68
	Earnings per share (NTD)	2.06	3.14	1.09	6.00	5.63
Cash Flow	Cash flow ratio (%)	36.71	71.70	-	56.16	86.65
	Cash flow adequacy ratio (%)	175.17	239.22	129.42	197.72	197.35
	Cash reinvestment ratio (%)	13.32	15.52	(6.24)	17.33	12.87
Leverage	Operating leverage	2.86	1.57	2.81	1.53	2.01
	Financial leverage	1.06	1.01	1.08	1.02	1.02

Please explain the reasons for the changes in various financial ratios over the past two years. (Analysis can be exempted if the changes do not exceed 20%)

1. In 2023, the conversion of corporate bonds transfer into common stock leading to decrease in the debt-to-asset ratio; the current ratio, quick ratio, and cash flow ratio were increased.
2. In 2023, the decrease in interest expenses led to an increase in the Times Interest Earned.
3. In 2023, the decrease in sales revenue led to a decrease in the total asset turnover ratio.
4. In 2023, the increase in cash dividends led to a decrease in the Cash Re-investment Ratio.
5. In 2023, the decrease in operating profit led to an increase in operating leverage.

Note 1: The consolidated financial information for 2019 to 2023 were audited and attested by CPAs.

Financial Analysis - IFRS (Standalone)

Analysis Item \ Year		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Capital Structure	Debt to assets ratio (%)	37.21	35.04	34.53	32.55	27.15
	Long-term capital to property, plant, and equipment ratio (%)	634.30	1,199.05	1,499.71	1,970.71	2,515.25
Solvency	Current ratio (%)	136.89	240.23	254.27	205.80	260.71
	Quick ratio (%)	120.09	222.55	233.11	191.69	247.04
	Interests coverage multiplier	45.28	83.15	17.74	95.76	143.52
Operating Capacity	Accounts receivable turnover rate (times)	4.70	5.84	4.18	4.76	4.54
	Average collection days	77.65	62.50	87.32	76.68	80.39
	Inventory turnover rate (times)	8.83	14.94	13.24	16.55	15.23
	Accounts payable turnover rate (times)	10.89	15.51	13.10	18.77	8.88
	Average sales days	41.33	24.43	27.56	22.05	23.96
	Property, plant, and equipment turnover rate (times)	8.76	13.92	13.89	24.77	25.05
	Total assets turnover rate (times)	0.95	1.13	0.80	1.06	0.80
Profitability	Return on assets (%)	5.75	8.58	3.05	15.09	12.77
	Return on equity (%)	9.43	13.26	4.43	22.44	18.05
	Net profit before tax to paid-in capital (%) (Note 6)	22.76	38.28	12.99	74.59	64.38
	Net profit margin (%)	5.91	7.48	3.60	14.14	15.77
	Earnings per share (NTD)	2.06	3.14	1.09	6.00	5.63
Cash Flow	Cash flow ratio (%)	13.39	77.36	-	43.45	95.12
	Cash flow adequacy ratio (%)	104.75	216.71	108.92	162.28	186.99
	Cash reinvestment ratio (%)	4.17	17.87	(7.67)	14.27	18.86
Leverage	Operating leverage	4.06	1.55	2.77	1.50	1.64
	Financial leverage	1.06	1.01	1.07	1.01	1.01

Please explain the reasons for the changes in various financial ratios over the past two years. (Analysis can be exempted if the changes do not exceed 20%)

1. In 2023, there was an increase in net profit, leading to an increase in the ratio of long-term funds to property, plant, and equipment. Additionally, the interest coverage ratio, return on assets, return on equity, ratio of pre-tax income to paid-in capital, net profit margin, and earnings per share all increased.
2. The year 2023 saw an increase in sales revenue and cost of goods sold, resulting in an increase in inventory turnover ratio, accounts payable turnover ratio, property, plant, and equipment turnover ratio, and total asset turnover ratio.
3. The net cash inflow from operating activities increased in 2023, leading to an increase in the cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio.
4. The operating profit increased in 2023, which caused a decrease in the operating leverage.

Note 1: Note: The standalone financial information for 2019 to 2023 were audited and attested by CPAs.

Note 2: The formula for calculating the financial analysis is as follows:

1. Capital structure
 - (1) Debt to assets ratio = total liabilities / total assets
 - (2) Long term capital to fixed assets ratio = (net shareholders' equity + long term liabilities) / net fixed assets.
2. Solvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets — inventories — prepaid expense) / current liabilities
 - (3) Interests coverage multiplier = net profit before tax and interest expense / interest expense for the period
3. Operating capacity
 - (1) Receivables (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
 - (2) Average collection days = 365 / accounts receivable turnover rate
 - (3) Inventory turnover rate = costs of goods sold / average inventory
 - (4) Payables (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
 - (5) Average sales days = 365 / inventory turnover rate
 - (6) Property, plant, and equipment turnover rate = net sales / average property, plant, and equipment
 - (7) Total assets turnover rate = net sales / average total assets
4. Profitability
 - (1) Return on assets = [net profit after tax + interest expense x (1 - tax rate)] / average total assets
 - (2) Return on equity = net profit after tax / average total equity
 - (3) Net profit before tax to paid-in capital = Net profit before tax / paid-in capital.
 - (4) Net profit margin = net profit after tax / net sales
 - (5) Earnings per share = (net profit attributable to shareholders of the parent - preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent five years / sum of capital expenditures, inventory additions, and cash dividend for the most recent five years.
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals).
6. Leverage
 - (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit.
 - (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 3: Operating profit or loss is negative and is excluded from the calculation.

3. Audit Committee's Report on the Financial Statements for the Most Recent Year

Browave Corporation Audit Committee's Report

The Board of Directors has prepared the Company's 2023 financial statements (including standalone and consolidated financial statements), which has been audited by PricewaterhouseCoopers Taiwan. The above-mentioned financial statements, together with the Business Report and the earnings distribution proposal have been audited by us and determined to be in conformity with the provisions of the Company Act. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To
The 2024 Regular Shareholders' Meeting of Browave Corporation

Audit Committee of Browave Corporation

Independent director: Lin Chien-Chih
Independent director: Fang Pei-Hua
Independent director: Meng Ching-Li

February 29, 2024

4. Financial statements for the most recent year: Please refer to Attachment 1
5. The Company's standalone financial statements for the most recent years audited and attested by CPAs: Please refer to Attachment 2
6. The Company or its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the Annual Report and their effects on the Company's financial position: Not applicable

VII. Review and Analysis of Financial Position and Financial Performance and Risk

1. Financial Position

(1) Financial Position Analysis

Unit: In thousands of NTD

Item \ Year	2022	2023	Increase (Decrease) Amount	Change Percentage (%)
Current Assets	2,869,960	3,072,215	202,255	7.05
Property, Plant, and Equipment	349,481	388,322	38,841	11.11
Intangible Assets	4,144	3,154	(990)	(23.89)
Other Assets	144,667	99,209	(45,458)	(31.42)
Total Assets	3,368,252	3,562,900	194,648	5.78
Current Liabilities	1,099,151	895,576	(203,575)	(18.52)
Non-Current Liabilities	58,786	49,428	(9,358)	(15.92)
Total Liabilities	1,157,937	945,004	(212,933)	(18.39)
Stock Capital	752,869	805,407	52,538	6.98
Capital Surplus	354,950	601,382	246,432	69.43
Retained Earnings	1,164,308	1,283,885	119,577	10.27
Other Equity	(61,812)	(72,778)	(10,966)	(17.74)
Non-Controlling Interests	-	-	-	-
Total Shareholders' Equity	2,210,315	2,617,896	407,581	18.44
Explanation of significant changes in assets, liabilities, and shareholders' equity over the past two years: <ol style="list-style-type: none"> The decrease in other assets was due to the amortization of right-of-use assets and in prepaid equipment payments. The increase in additional paid-in capital was due to the conversion of corporate bonds transfer. 				

2. Financial Performance

- (1) The main reasons for the significant changes in operating revenue, net operating profit and net profit before tax for the last two years

Unit: In thousands of NTD

Item \ Year	2022	2023	Increase (Decrease) Amount	Change Percentage (%)
Net operating Revenue	3,210,572	2,779,058	(431,514)	(13.44)
Operating Costs	(2,415,611)	(2,222,640)	192,971	7.99
Operating gross profit	794,961	556,418	(238,543)	(30.01)
Operating Expenses	(321,149)	(315,496)	5,653	1.76
Operating profit	473,812	240,922	(232,890)	(49.15)
Non-Operating Income and Expenses	112,829	284,735	171,906	152.36
Net Profit (Net Loss) Before Tax	586,641	525,657	(60,984)	(10.40)
Income Tax Expenses	(135,058)	(89,875)	45,183	33.45
Net Profit (Net Loss) for the Period	451,583	435,782	(15,801)	(3.50)
<p>Explanation for the significant changes in operating revenue, net operating profit and net profit before tax for the last two years:</p> <ol style="list-style-type: none"> 1. The decrease in gross profit and operating profit was due to reduced customer demand and impacts from product group. 2. The increase in non-operating income and expenses was due to an increase in interest income and gains from disposal of financial assets measured at fair value. 3. The increase in income tax expenses was due to the aforementioned comprehensive reasons. 				

- (2) The expected sales volume and its basis, the possible impact on the Company's future finance and business, and the corresponding plans:
1. The sales volume is based on the development of market demand, the estimated order quantity of customers and the Company's production capacity. The sales volume is expected to grow in the coming year.
 2. The possible impact on the Company's future finance and business, and the corresponding plans: None

3. Cash Flow

(1) Analysis of changes in cash flows for the most recent year

Unit: %

Item \ Year	2022	2023	Increase (Decrease) Percentage
Cash Flow Ratio	56.16	86.65	54.29
Cash Flow Adequacy Ratio	197.72	197.35	(0.19)
Cash Reinvestment Ratio	17.33	12.87	(25.74)
Analysis of changes in increase or decrease percentage:			
1. In 2023, the decrease in liabilities due to the conversion of corporate bonds transfer into common stock led to an increase in the cash flow ratio.			
2. In 2023, the increase in cash dividends led to a decrease in the Cash Re-investment Ratio.			

(2) Improvement plan for liquidity deficiency: None

(3) Cash flow analysis for the coming year

Unit: In thousands of NTD

Cash Balance at the Beginning of Period	Estimated Annual Net Cash Flows from Operating Activities	Estimated Annual Net Cash Flows from Investing and Financing Activities	Estimated Cash Surplus (shortage)	Remedy for Estimated Cash Shortage	
				Investing Plan	Financing Plan
902,017	744,711	(309,947)	1,336,781	None	None
1. Analysis of changes in cash flows for the coming year					
(1) The net cash flows from operating activities are mainly generated by the excess of operating cash receipts over cash expenditures.					
(2) Investing activities consist mainly is the repayment of corporate bonds.					
(3) Financing activities consist mainly of cash dividends.					
2. Remedy for estimated cash shortage and liquidity analysis: None					

4. Impact of significant capital expenditures in the most recent year on finance and business:

In 2023, the consolidated company's capital expenditure amounted to approximately NTD 103,075 thousands. The main sources of funding were internal resources and financing from financial institutions. These funds were utilized for the purchase of machinery and equipment, expansion of production capacity, and other needs to meet developmental requirements.

5. Investment policy in the most recent year, main reasons for profit or loss, improvement plans and investment plan for the coming year

(1) The Company's investment policy:

The Company makes investments based on factors such as operational needs or considerations of the Company's future growth. After the unit provides specialized information and makes a recommendation to the responsible officer, the investment proposal is evaluated with respect to the investee's past and future outlook, market conditions and business quality, and is used as the basis for the decision-making authority to make investment decisions.

(2) Main reasons for gain or loss of the investment, improvement plans

Unit: In thousands of NTD

Investee Company	Investment Gain or Loss for the Most Recent Year	Gain or Loss and the Main Reasons	Improvement Plans	Other Future Investment Plans
Browave Holding Inc.	(9,209)	Recognition of the loss of Browave (ZhongShan) Corporation	-	None
Browave (ZhongShan) Corporation	(11,279)	Customer demand decreasing has resulted in a reduction in revenue.	-	None
Browave (Philippines) Corporation	(73,715)	During the initial stages of operations, the establishment costs are relatively high.	-	None

(3) Investment plan for the coming year: None.

6. Risks

(1) Impact of interest and exchange rate changes and inflation on the profit and loss of the Company, and the future countermeasures:

1. Impact of interest rate change:

The Company's interest expense was NTD 7,261 thousand and NTD 4,776 thousand in 2022 and 2023, respectively, accounting for 0.23% and 0.17% of the Company's operating revenue in those years. Therefore, the change in interest rate had no significant impact on the Company. The Company will adjust the use of funds in accordance with the changes in financial interest rates in order to reduce the impact of changes in interest rates on the Company's profit or loss.

2. Impact of exchange rate change:

The Company's responses to exchange rate changes are based on the principle of hedging foreign exchange risk without affecting the stable operation of the Company's business, rather than earning foreign exchange gains. The Company collects quotations and information on international financial, exchange rate and interest rate products from banks at any time to keep abreast of the changes in exchange rates, and takes the following foreign exchange hedging measures in a timely manner:

- (1) We continue to strengthen the concept of foreign exchange hedging among our financial personnel, and through the online exchange rate real-time system and enhanced interaction with financial institutions, the Company is able to evaluate the trend of exchange rate movements in order to cope with the negative effects of exchange rate fluctuations.
- (2) Before providing quotations to customers, we will consider and evaluate future exchange rate trends and factors affecting exchange rates in order to determine appropriate and reasonable quotations and minimize the impact of exchange rate fluctuations.
- (3) We achieve a certain degree of natural hedge by controlling the offsetting of recurring foreign currency receivables and payables.
- (4) The Company evaluates the purchase of various derivative financial instruments that can effectively reduce the exchange rate risk in accordance with the Company's operating procedures and controls the hedging positions by the responsible officers in order to reduce the exchange rate loss arising from the exchange rate risk.

3. Impact of inflation:

The Company has no significant impact on profit or loss as a result of inflation up to now. In addition to closely monitoring market price fluctuations, the Company also maintains good interaction with suppliers and customers to adjust product prices and raw material inventories appropriately, so the Company should be able to effectively reduce the impact of inflation on the Company.

(2) Policies on high-risk, high-leverage investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future countermeasures:

1. Since its establishment, the Company has been dedicated to the operation of its

core business and has not engaged in high-risk and high-leverage investment activities.

2. The company has established the "Procedure for Lending Funds to Others," "Endorsement and Guarantee Procedure," and "Procedure for Engaging in Derivative Transactions" in accordance with legal requirements. Additionally, it has issued public notices and established a ledger for reference. The company conducts regular reviews of actual operations and will take necessary measures to improve as needed to control financial transaction risks.
 3. As of the printing date of the annual report, the company has not engaged in derivative financial instrument transactions, lending of funds to others, or endorsement and guarantee activities.
- (3) Future research and development plans and estimated investment in research and development expenses
1. Future R&D plans:
The Company will continue to refine the development and manufacturing of micro-optical cables and basic passive components in high-speed optical transceiver modules, and will also develop OIO-related products in response to the trend of silicon photonic chip technology and customer designs. In addition to the various duplex arrays of micro-optical products which are already in progress, we will also invest in the development of polarization maintaining fiber arrays of hybrid products, and extend the results of the automation of existing micro-optical products to the process and testing of optical arrays. In addition, we will invest in the development of mini TFF arrays and glass microvia arrays to meet the demand for key components.
The Company will continue to devote efforts to the development and manufacturing of high-speed optical transceiver modules, micro-optical fiber cables, and basic passive components. It will also develop related products in line with the trend of silicon photonics chip technology and customer demands. Additionally, resources will be invested in the development of composite products for polarization-maintaining fiber arrays, and the automation technology for existing micro-optical products will be extended to fiber array processes and testing. To meet the demand for critical components, the company will invest in equipment for developing micro-film filter arrays and glass micro-hole arrays to enhance product competitiveness.
Future R&D plans include:
 - (1) Mini TFF array Mux/Demux
 - (2) Mini TFF block
 - (3) 2D glass hole array
 - (4) Hybrid polarization maintaining fiber array
 - (5) Polarization Maintaining Fiber Array and Automatic PMFA process
 2. Estimated investment in research and development expenses:
Technological innovation and research and development are fundamental to the company's continuous growth and sustainable operation. Therefore, the company allocates research and development expenses every year. The projected amount of investment in research and development expenses is based on the progress of new product and technology development. In the future, as the business expands, the research and development expenses will gradually increase. It is estimated that in 2024, the company will invest

approximately NTD99,000 thousand in research and development expenses to support future research and development plans and enhance the company's market competitiveness.

- (4) The impact of important domestic and foreign policy and legal changes on the Company's finance and business and countermeasures:
The Company's operations are conducted in accordance with the domestic and foreign laws and regulations, and the Company pays attention to the development trend of domestic and foreign policies, and changes in laws and regulations at all times, and consults experts to fully understand and respond to changes in the market environment. Therefore, important domestic and foreign policy and legal changes should not have a material impact on the Company's finance and business.
- (5) The impact of important changes in technology (including cyber security risk) or industry on the Company's finance and business and countermeasures:
The demand for network bandwidth has increased further due to the continuous growth of digital content, smartphones, 5G cloud computing, broadband Internet access, Remote PHY, and online games. Coupled with the development of interactive audio and video technologies, governments and private organizations worldwide are more active than ever in promoting broadband construction projects, bringing opportunities for the growth of the optical communications industry. The Company continues to capture the growth momentum of the fiber-to-the-home market and continues to invest in the development of new technologies to maintain its competitiveness, while maintaining sound and flexible financial management to meet the challenges of changes in technology and the industry.
- (6) The impact of change in corporate image on corporate crisis management and countermeasures:
Since its establishment, the Company has adhered to the principle of operating with integrity and pragmatism, attaching importance to the image of the Company, while complying with laws and regulations, and maintaining harmonious labor and local relations. Therefore, there has been no corporate crisis or need for crisis management due to the change of corporate image.
- (7) Expected benefits and possible risks of mergers and acquisitions and countermeasures:
The Company has no plans to acquire other companies in the most recent year and the current year up to the publication date of the Annual Report. However, in the event of future mergers and acquisitions, the Company will assess the benefits and control the risks in a prudent manner to protect the interests of the Company and the shareholders in accordance with various operating regulations.
- (8) Expected benefits and possible risks of plant expansion and countermeasures:
The Company adopts a prudent operating strategy to adjust the expansion of existing plant capacity to meet customer demand.
- (9) Risks of concentrations of purchases or sales and countermeasures:
 - 1. Risks of concentrations of purchases and countermeasures:
The Company always maintains two or more suppliers for its major raw materials to diversify the risk. In addition to maintaining good relationships with major suppliers, we are also actively developing new applications and new customer segments to ensure a stable source of supply.
 - 2. Risks of concentrations of sales and countermeasures:

Except for the investees, there is no excessive concentration of the Company's purchases and sales. With strong R&D and manufacturing capabilities, we maintain long-term relationships with our existing customers. We also strive to develop new customers to expand and diversify our business sources, so that the risk of concentration of sales will not affect the stable growth of the Company.

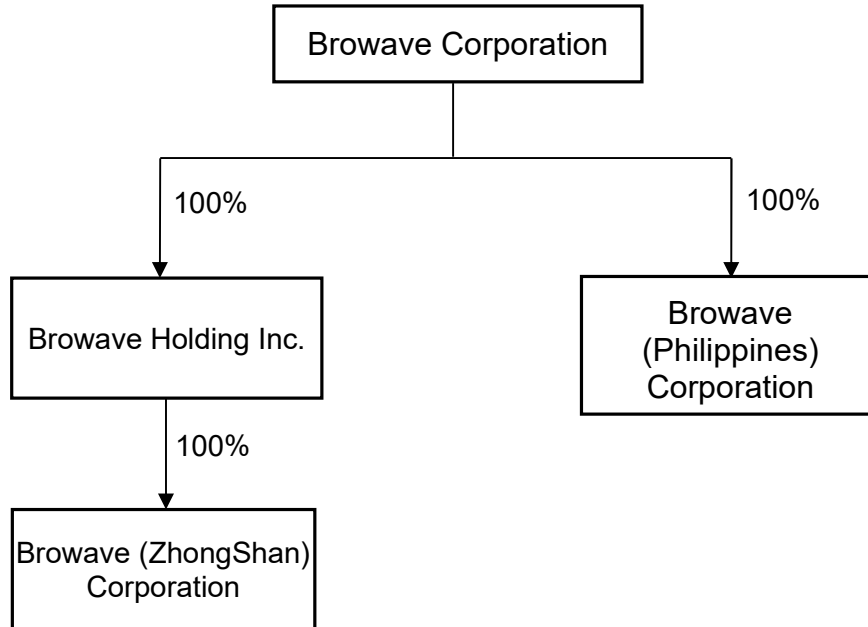
- (10) The impact on the Company and risks of the massive transfer or change of shares of the Company by directors, supervisors, or major shareholders with 10% stake or more and countermeasures: As of the date of publication of the Annual Report, there has been no massive transfer or change of ownership of the Company by directors, supervisors or major shareholders holding more than 10% of the shares.
- (11) The impact on the Company and risks of change in management rights and countermeasures:
There was no change in management rights during the most recent year or during the current year up to the date of publication of the Annual Report
- (12) For litigation or non-litigation events, if the Company, its directors, supervisors, general managers, de facto persons in charge, major shareholders with more than 10% stakeholder, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, then the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case as of the date of publication of the annual report shall be disclosed: None
- (13) Other major risks and countermeasures

7. Other important matters: None

VIII. Special Matters

1. Information on Affiliates

(1) Organizational chart of affiliates



(2) Basic information on affiliates

December 31, 2023

Enterprise Name	Date of Establishment	Address	Paid-in Capital	Main Business or Production Items
Browave Holding Inc.	April 25, 2000	Citco Building, P.O. Box 662, Raod Town. Tortola, British, Virgin Islands	NT\$677,760	Investment business
Browave (ZhongShan) Corporation	July 6, 2000	No. 1 and No. 2, No. 39, Keji East Road, Torch Development Zone, Zhongshan City, Guangdong Province	US\$20,000	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.
Browave (Philippines) Corporation	August 16, 2022	No. 4 Rizal Highway cor. Aim High St., Subic Gateway Park, Subic Bay Freeport Zone, Zambales	PHP300,000	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.

(3) Information on the common shareholders of those presumed to be in a controlling and subordinate relationship: None

(4) The industries covered by the businesses of all affiliates:

The businesses of the Company and its affiliates include: Investment holding and optical communication business. The businesses of the Company's affiliates are mainly in the research, development, manufacturing, sales, and service of optical fiber

components. The Company is principally engaged in the overall operation direction, order processing, marketing, key product development, and administrative and financial operations. The Company's Mainland subsidiary is engaged in manufacturing, processing, and marketing in Mainland China.

(5) Information on the directors, supervisors, and presidents of the affiliates:

December 31, 2023; Unit: Thousand's dollars

Enterprise Name	Title	Name or Representative	Shareholding	
			Stock Capital	Shareholding Percentage
Browave Holding Inc.	Chairperson	Cheng Wann-Lai	NT\$677,760	100%
Browave (ZhongShan) Corporation	Chairperson Director Director Supervisor President	Wu Jin-Hong Lin Jin-Xiong Hwang Yu-Wen Chang Wen-Chiao Liu Bang-Zhen	US\$20,000	100%
Browave (Philippines) Corporation	Chairperson Director President	Lin Jin-Xiong Hwang Yu-Wen Liu Bang-Zhen	PHP300,000	100%

(6) Affiliate Operations Overview:

December 31, 2023; Unit: In thousands of NTD

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Net Profit (Net Loss) for the Period	Net Profit (Net Loss) for the Period	Earnings (Losses) Per Share (NTD)
Browave Holding Inc.	677,760	910,105	-	910,105	-	(91)	(9,209)	-
Browave (ZhongShan) Corporation	795,439	1,045,586	352,260	693,326	2,028,772	(13,989)	(11,279)	-
Browave (Philippines) Corporation	164,395	263,943	174,120	89,823	60,637	(72,524)	(73,715)	-

(7) Consolidated financial statements of affiliates: Please refer to Attachment 1 for consolidated financial statements.

- Private placement of marketable securities in the most recent year and the current year up till the publication date of this annual report: None
- Holding or disposal of the Company's shares by its subsidiaries in the most recent year and the current year up to the publication date of this annual report: None
- Other matters that require additional explanation:

Tracking Schedule of Commitments for TPEX Listing

Commitments for TPEX Listing	Status of Commitments
<p>Under the “Procedures for Acquisition or Disposal of Assets”, the Company is committed to add that “the Company shall not forgo the capital increase to Browave Holding Inc. in each future year; Browave Holding Inc. shall not forgo the capital increase to Browave (ZhongShan) Corporation in each future year; Chuang Tong Investment Co., Ltd. shall not forgo the capital increase to Innovate Investment (BVI) Inc. in each future year. In the future, if the Company is required to forgo a capital increase or dispose of the above-mentioned companies due to strategic alliance consideration or others as approved by TPEX, a special resolution of the Company's Board of Directors is required.” If there is any subsequent amendment to the regulations, the Company shall disclose it as significant information on the Market Observation Post System and report it to TPEX by a letter for recordation.</p>	<p>In accordance with the instructions of TPEX</p>

IX. For the most recent year and the current year up to the publication date of the Annual Report, any of the events specified in Article 36 (3) (2) of the Act occurred with a material effect on shareholders' equity or the price of securities: None

Attachment 1

**Browave Corporation and Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Report
2023 and 2022**

Browave Corporation and Subsidiaries

Representation Letter

The companies to be included in the Consolidated Financial Statements of affiliated enterprises for 2023 (from January 1, 2023 to December 31, 2023) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included in the Consolidated Financial Statements of the parent company and subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the Consolidated Financial Statement of affiliated enterprises has been disclosed in said Consolidated Financial Statements of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the Consolidated Financial Statements of affiliated enterprises separately.

Declared By

Company Name: Browave Corporation

Person in Charge: Cheng Wann-Lai

February 29, 2024

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No23002635

To the Board of Directors and Shareholders of Browave Corporation and Subsidiaries:

Audit Opinions

We have audited the accompanying Consolidated Balance Sheets of Browave Corporation and its subsidiaries (hereinafter referred to as the "Browave Group") as of December 31, 2023 and 2022, and the related Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and notes to the Consolidated Financial Statements (including significant accounting policies) for the years then ended.

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Browave Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis of Audit Opinions

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and generally accepted auditing standards of the R.O.C. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the Consolidated Financial Statements. We are independent of the Browave Corporation and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 audits of the 2023 Consolidated Financial Statements of the Browave Group. These matters were addressed in the content of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

The following are the key audit matters in the Consolidated Financial Statements of the Browave Group for 2023.

Inventory Valuation

Description of the Matter

Please refer to Note 4 (13) to the Consolidated Financial Statements for the accounting policy on inventory valuation, Note 5 (2) to the Consolidated Financial Statements for the accounting estimates and uncertainties in assumptions on inventory valuation, and Note 6 (6) to the Consolidated Financial Statements for the description of inventory items.

Due to the rapid changes in technology and the fierce competition in the market, the risk of loss on decline in value or obsolescence of Browave's inventory is high.

Because the net realizable value used by the Browave Group in valuing its inventory is often subjective and therefore subject to uncertainty in estimation, we consider the valuation of the Browave Group's inventory to be one of the most important matters for this year's audits, considering the significant effect of the Browave Group's inventory valuation on the financial statements.

Corresponding Audit Procedures

The corresponding procedures we performed for inventory valuation are set forth as below:

- We evaluated the reasonableness of the policies and procedures used to recognize the allowance for losses on inventory based on our understanding of the nature of the Group's operations and industries, including the historical information used to determine the net realizable value.

- Tested the correctness of the calculations related to the net realizable value of inventory as evaluated by the management.

Other Matters - Standalone Financial Statements

Browave Corporation has prepared Standalone Financial Statements for 2023 and 2022, for which we have issued an Independent Auditors' Report with unqualified opinion on record for reference.

Responsibilities of Management and Those in Charge with Governance of the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented Consolidated Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements to ensure material misstatement caused by fraud or error does not exist in the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the management is also responsible for assessing the ability of the Browave Group as a going concern, disclosing as applicable matters related to a going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Browave Group or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Audit Committee) are responsible for overseeing the reporting process of the financial statements of the Browave Group.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Independent Auditors' Report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, when they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 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 control effective in the Browave Group.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Browave Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Browave Group to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the Consolidated Financial Statements (including related notes), whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with all relationships and other matters that may reasonably be thought to affect our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were most significance in the audit of the 2023 Consolidated Financial Statements of the Browave Group and are therefore the key audit matters. We describe these matters in our Auditor's Report unless 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.

PwC Taiwan

Liu Chien Yu

CPA

Hsieh Chih-Cheng

Financial Supervisory Commission

Approval Document: Jin-Guan-Zheng-Shen-Zi

No.1090350620

Former Executive Yuan Commission, Ministry of Finance

Approval Document: Jin-Guan-Zheng-Shen-Zi

No.0990042599

February 29,2024

Browave Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: In thousands of NTD

			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Assets						
Current Assets						
1100	Cash and Cash Equivalents	6(1)	\$ 902,017	25	\$ 1,158,753	34
1110	Financial Assets at Fair Value Through Profit or Loss - Current	6(2)	223,529	6	91,284	3
1136	Financial Assets at Amortized Cost - Current	6(4)	1,183,202	33	537,712	16
1170	Accounts Receivable, Net	6(5)	478,676	14	760,229	22
1200	Other Receivables	12(2)	3,319	-	2,129	-
1220	Current Income Tax Assets		11	-	7,040	-
130X	Inventories	6(6)	271,255	8	289,321	9
1410	Prepayments		10,206	-	23,492	1
11XX	Total Current Assets		3,072,215	86	2,869,960	85
Non-current Assets						
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	6(3)	26,951	1	30,253	1
1600	Property, Plants, and Equipment	6(8) and 8	388,322	11	349,481	10
1755	Right-of-Use Assets	6(9)	42,053	1	63,750	2
1780	Intangible Assets		3,154	-	4,144	-
1840	Deferred Income Tax Assets	6(26)	18,000	1	21,517	1
1900	Other Non-current Assets	6(10) and 8	12,205	-	29,147	1
15XX	Total Non-current Assets		490,685	14	498,292	15
1XXX	Total Assets		\$ 3,562,900	100	\$ 3,368,252	100

(Continued on next page)

Browave Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: In thousands of NTD

Liabilities and Equity			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current Liabilities						
2130	Contract Liabilities - Current	6(19)	\$ 2,586	-	\$ 4,522	-
2170	Accounts Payable		573,537	16	416,864	12
2200	Other Payables	6(13)	223,335	6	239,719	7
2230	Current Income Tax Liabilities		77,331	2	107,542	3
2280	Lease Liabilities - Current	6(9)	15,018	1	25,496	1
2320	Long term liabilities due within one year	6(12)	-	-	295,674	9
2399	Other Current Liabilities-Other		3,769	-	9,334	-
21XX	Total Current Liabilities		895,576	25	1,099,151	32
Non-current Liabilities						
2570	Deferred Income Tax Liabilities	6(26)	21,495	1	19,368	1
2580	Lease Liabilities - Non-current	6(9)	27,760	1	39,242	1
2600	Other Non-current Liabilities		173	-	176	-
25XX	Total Non-current Liabilities		49,428	2	58,786	2
2XXX	Total Liabilities		945,004	27	1,157,937	34
Equity						
	Stock Capital	6(15)				
3110	Common Stock Capital		805,407	23	752,869	23
	Capital Surplus	6(16)				
3200	Capital Surplus		601,382	16	354,950	10
	Retained Earnings	6(17)				
3310	Legal Reserve		217,479	6	172,321	5
3320	Special Reserve		61,813	2	81,589	3
3350	Unappropriated Earnings		1,004,593	28	910,398	27
	Other Equity	6(18)				
3400	Other Equity		(72,778)	(2)	(61,812)	(2)
3XXX	Total Equity		2,617,896	73	2,210,315	66
3X2X	Total Liabilities and Equity		\$ 3,562,900	100	\$ 3,368,252	100

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD
(Except for earnings per share, which are in NTD.)

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating Revenue	6(19)	\$ 2,779,058	100	\$ 3,210,572	100
5000	Operating Costs	6(6)(24)(25)	(2,222,640)	(80)	(2,415,611)	(75)
5900	Operating Gross Profits		556,418	20	794,961	25
	Operating Expenses	6(24)(25)				
6100	Selling Expenses		(69,880)	(2)	(74,802)	(2)
6200	Administrative Expenses		(147,974)	(5)	(138,781)	(4)
6300	R&D Expenses		(97,642)	(4)	(107,566)	(4)
6000	Total Operating Expenses		(315,496)	(11)	(321,149)	(10)
6900	Operating Income		240,922	9	473,812	15
	Non-operating Income and Expenses					
7100	Interest Income	6(20)	59,214	2	17,034	-
7010	Other Income	6(21) and 12(2)	28,157	1	16,272	-
7020	Other Gains and Losses	6(22)	202,140	7	86,784	(3)
7050	Financial Costs	6(23)	(4,776)	-	(7,261)	-
7000	Total Non-operating Income and Expenses		284,735	10	112,829	3
7900	Income Before Income Tax		525,657	19	586,641	18
7950	Income Tax Expenses	6(26)	(89,875)	(3)	(135,058)	(4)
8200	Net Profit for the Net Income		\$ 435,782	16	\$ 451,583	14
	Items That Are Not Reclassified to Profit or Loss					
8316	Unrealized Valuation Gains or Losses on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	6(3)	(\$ 2,128)	-	(\$ 7,988)	-
	Items That May be Reclassified Subsequently to Profit or Loss					
8361	Exchange Differences on Translation of Financial Statements of Foreign Operations	6(18)	(8,838)	(1)	13,381	-
8300	Other Comprehensive Income (Net)		(\$ 10,966)	(1)	\$ 5,393	-
8500	Total Other Comprehensive Income for the Year		\$ 424,816	15	\$ 456,976	14
9750	Basic Earnings Per Share	6(27)	\$ 5.63		\$ 6.00	
9850	Diluted Earnings Per Share	6(27)	\$ 5.41		\$ 5.61	

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

		Equity Attributable to Owners of the Parent Company							
		Retained Earnings					Other Equity		
Note		Common Stock Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
<u>2022</u>									
		\$ 752,869	\$ 354,950	\$ 162,226	\$ 62,458	\$ 563,328	(\$ 93,799)	\$ 12,211	\$ 1,814,243
		-	-	-	-	451,583	-	-	451,583
	6(3)(18)	-	-	-	-	-	13,381	(7,988)	5,393
		-	-	-	-	451,583	13,381	(7,988)	456,976
	6(17)								
		-	-	10,095	-	(10,095)	-	-	-
		-	-	-	19,131	(19,131)	-	-	-
		-	-	-	-	(75,287)	-	-	(75,287)
	6(18)(28)	-	-	-	-	-	14,383	-	14,383
		\$ 752,869	\$ 354,950	\$ 172,321	\$ 81,589	\$ 910,398	(\$ 66,035)	\$ 4,223	\$ 2,210,315
<u>2023</u>									
		\$ 752,869	\$ 354,950	\$ 172,321	\$ 81,589	\$ 910,398	(\$ 66,035)	\$ 4,223	\$ 2,210,315
		-	-	-	-	435,782	-	-	435,782
	6(18)	-	-	-	-	-	(8,838)	(2,128)	(10,966)
		-	-	-	-	435,782	(8,838)	(2,128)	424,816
	6(17)								
		-	-	45,158	-	(45,158)	-	-	-
		-	-	-	(19,776)	19,776	-	-	-
		-	-	-	-	(316,205)	-	-	(316,205)
	6(15)(16)	52,538	246,432	-	-	-	-	-	298,970
		\$ 805,407	\$ 601,382	\$ 217,479	\$ 61,813	\$ 1,004,593	(\$ 74,873)	\$ 2,095	\$ 2,617,896

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash Flows from Operating Activities			
Income Before Income Tax		\$ 525,657	\$ 586,641
Adjustments			
Income and Expense Items			
Depreciation Expenses	6(8)(9)(24)	109,729	93,539
Amortization Expenses		2,311	3,653
Loss (Gain) on Valuation of Financial Assets and Liabilities at Fair Value Through Profit or Loss	6(2)(22)		
Gain on Disposal of non-current groups as held for sale	6(22)	(192,545)	41,544
Interest Expenses	6(23)	4,776	(7,394)
Interest Income	6(20)	(59,214)	(17,034)
Dividend Income	6(21)	(3,554)	(8,861)
Loss on Disposal of Property, Plants, and Equipment	6(22)	1,304	2,097
Other Income		(11,954)	-
Lease Modification Gain	6(22)	(8)	-
Changes in Assets/Liabilities Related to Operating Activities			
Net Changes in Assets Related to Operating Activities			
Notes Receivable		-	176
Accounts Receivable		281,333	(173,134)
Other Receivables		11,020	10,056
Inventories		12,985	14,971
Prepayments		13,062	(8,277)
Other Current Assets		254	(1,085)
Net Changes in Liabilities Related to Operating Activities			
Contract Liabilities		(1,935)	(3,907)
Accounts Payable		161,261	(47,465)
Other Payables		(26,130)	143,388
Other Current Liabilities		(5,512)	3,308
Cash Inflows From Operations		822,840	639,477
Interest Received		58,758	17,034
Dividends Received		3,554	8,861
Interest Paid		(1,480)	(1,822)
Income Tax Paid		(107,616)	(46,279)
Net Cash Inflows (Outflows) From Operating Activities		776,056	617,271

(Continued on next page)

Browave Corporation and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash Flows From Investing Activities</u>			
Return of capital reduction from financial assets measured at fair value through other comprehensive income		\$ 1,174	\$ 459
Acquisition of Financial Assets at Amortized Cost	6(4)	(1,183,202)	(537,712)
Acquisition of Current financial assets at fair value through profit or loss		(13,492)	-
Disposal of Financial Assets Measured at Amortized Cost are Assets	6(4)	537,712	53,680
Disposal of Current financial assets at fair value through profit or loss		73,792	-
Non-current assets held for sale group disposed (net of cash disposed)	6(28)	-	64,229
Acquisition of Property, Plants, and Equipment	6(28)	(103,075)	(77,465)
Proceeds From Disposal of Property, Plants, and Equipment		2,831	1,837
Acquisition of Intangible Assets		(1,341)	(929)
Decrease (Increase) in Refundable Deposits		(239)	(2,791)
Net Cash Inflows (Outflows) From Investing Activities		(685,840)	(498,692)
<u>Cash Flows From Financing Activities</u>			
Repayment of Long-term Loans	6(29)	-	(37,043)
Principal Repayment of Lease Liabilities	6(29)	(26,973)	(17,920)
Increase (Decrease) in Deposits Received		-	(571)
Cash Dividends	6(17)	(316,205)	(75,287)
Net Cash Outflows From Financing Activities		(343,178)	(130,821)
Effect of Exchange Rate		(3,774)	13,313
Net Increase in Cash and Cash Equivalents		(256,736)	1,071
Cash and Cash Equivalents at the Beginning of the Year	6(1)	1,158,753	1,157,682
Cash and Cash Equivalents at the End of the Year	6(1)	\$ 902,017	\$ 1,158,753

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Notes to Consolidated Financial Statements
2023 and 2022

Unit: In thousands of NTD
(Except as otherwise indicated)

1. Company History and Business Scope

Browave Corporation (hereinafter referred to as “the Company”) was established on May 18, 1998 and started its business on November 1, 1998. The Company and its subsidiaries (hereinafter referred to as “the Group”) are mainly engaged in the design, production, and sales of optical fiber communication components. The Group's shares have been listed and traded on the Taipei Exchange since December 2012.

2. Date and Procedures for Approval of Financial Statements

The Consolidated Financial Statements were approved and issued by the Board of Directors on February 29, 2024.

3. Application of New and Revised International Financial Reporting Standards

(1) Effect of the adoption of newly issued and revised IFRSs endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”).

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs endorsed by the FSC for application in 2023.

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of not adopting the newly issued and revised IFRSs endorsed by the FSC.

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs endorsed by the FSC for application in 2024.

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC.

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs issued by the IASB that have not been endorsed by the FSC.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are described below: Unless otherwise stated, these policies have been applied consistently throughout the reporting period.

(1) Compliance Statement

The Consolidated Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations, and announcements (hereinafter referred to as IFRSs) as endorsed by the FSC.

(2) Basis of Preparation

1. The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following significant items:
 - (1) Financial assets and liabilities at fair value through profit or loss (including derivative instruments).
 - (2) Financial assets at fair value through other comprehensive income.

2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and management's judgment in the process of applying the Group's accounting policies. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the Consolidated Financial Statements are described in Note 5.

(3) Basis of Consolidation

1. Principles of Preparation of Consolidated Financial Statements

- (1) The Group includes all subsidiaries in the preparation of Consolidated Financial Statements as an entity. A subsidiary is an entity (including a structured entity) that is controlled by the Group. The Group controls an entity when it is exposed to variable remuneration from participation in that entity or has rights to such variable remuneration and has the ability to influence such remuneration through its power over that entity. Subsidiaries are included in the Consolidated Financial Statements from the date the Group obtains control and are excluded from the date control is lost.
- (2) Intra-group transactions, balances, and unrealized profits and losses have been eliminated. The accounting policies of subsidiaries have been adjusted as necessary to conform to the policies adopted by the Group.
- (3) The components of profit or loss and other comprehensive income are attributed to owners of the parent company and non-controlling interests; total comprehensive income is also attributed to owners of the parent company and non-controlling interests, even if this results in a loss balance for non-controlling interests.
- (4) Changes in shareholdings in subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control over a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the initially recognized financial asset or the cost of the initially recognized investment in an affiliate or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss for the period. All amounts previously recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, and the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.

2. Subsidiaries Included in the Consolidated Financial Statements:

Investor	Subsidiary	Business Nature	Shareholding Percentage		Explanation
			December 31, 2023	December 31, 2022	
Browave Corporation	Browave Holding Inc.	Investment	100	100	
Browave Holding Inc.	Browave (ZhongShan) Corporation	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	100	100	
Browave Corporation	Browave Japan Corporation	Research, development, production, and sale of electronic machine parts and optical communication machines; management and utilization of real estate trading, resale, leasing, brokerage, and negotiation.	-	-	Note 1
Browave Corporation	Browave (Philippines) Corporation	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	100	100	Note 2

Note 1: Our company sold all the shares of Browave Japan Corporation. in December, 2022.

Note 2: On August of the year 2022 our company established Browave (Philippines) Corporation in the Philippines.

3. Subsidiaries Not Included in the Consolidated Financial Statements: None.
4. Adjustments For Differences in Accounting Periods and Treatment Methods: None.
5. Significant Restrictions: None.
6. Subsidiaries With Non-Controlling Interests That Are Significant to the Group: None.

(4) Foreign Currency Translation

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., functional currency). The Consolidated Financial Statements are presented in “NTD”, which is the Group's functional currency.

1. Foreign Currency Transactions and Balances

- (1) Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction, and the resulting translation differences are recognized in profit or loss.
- (2) Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
- (3) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period. For those measured at fair value through other comprehensive income, the adjustments are made at the spot exchange rates on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income. For those not measured at fair value, they are measured at the historical exchange rate on the date of initial transaction.
- (4) All other exchange gains and losses are reported in “Other Gains and Losses” in the income statement.

2. Translation of Foreign Operations

- (1) The results of operations and financial position of all Group entities, affiliates, and joint ventures with a functional currency different from the presentation currency are translated into the presentation currency in the following manner:
 - A. Assets and liabilities expressed in each balance sheet are translated at the closing rate on the balance sheet date;
 - B. The income and expenses expressed in each statement of comprehensive income are translated at the average exchange rate for the period; and
 - C. All exchange differences arising from translation are recognized in other comprehensive income.
- (2) When a foreign operation partially disposed of or sold is an affiliate or a joint venture, the exchange differences under other comprehensive income are reclassified proportionately to profit or loss for the period as part of the gain or loss on disposal. However, when the Group loses significant influence over a foreign operation that is an affiliate or loses joint control over a foreign operation that is a joint venture even though the Group retains a portion of the interest in the former affiliate or joint venture, the disposal is treated as a disposal of the entire interest in the foreign operation.

- (3) When a foreign operation partially disposed of or sold is a subsidiary, the cumulative translation differences recognized in other comprehensive income are re-attributed to the non-controlling interests in the foreign operation on a pro rata basis. However, when the Group loses control over a foreign operation that is a subsidiary even though the Group retains a portion of the interest in the former subsidiary, the disposal is treated as a disposal of the entire interest in the foreign operation.

(5) Classification Criteria of Assets and Liabilities into Current and Non-current

1. An asset is classified as current if it meets one of the following criteria:
 - (1) The asset is expected to be realized in the normal operating cycle or is intended to be sold or consumed.
 - (2) The asset is held primarily for trading purposes.
 - (3) The asset is expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents, except for those restricted for exchange or settlement of liabilities at least twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above criteria as non-current.

2. A liability is classified as current if it meets one of the following criteria:
 - (1) The liability is expected to be settled in the normal operating cycle.
 - (2) The asset is held primarily for trading purposes.
 - (3) The liability is expected to be due and settled within 12 months after the balance sheet date.
 - (4) The liability whose settlement due date cannot be unconditionally extended to at least 12 months after the balance sheet date. The fact that the terms of the liabilities may allow settlement by issuing equity instruments at the option of the trading partners does not affect the classification.

The Group classifies all liabilities that do not meet the above criteria as non-current.

(6) Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments for operating purposes are classified as cash equivalents.

(7) Financial Assets at Fair Value Through Profit or Loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Group uses trade date accounting for financial assets at fair value through profit or loss that qualify as customary transactions.
3. The Group measures financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the gain or loss recognized in profit or loss.
4. The Group recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in, and the amount of dividends can be measured reliably.

(8) Financial Assets at Fair Value Through Other Comprehensive Income

1. Investments in equity instruments that are not held for trading and for which an irrevocable election is made at the time of initial recognition to report the change in fair value in other comprehensive income; or investments in debt instruments that also meet the following criteria:
 - (1) The financial asset is held under a business model whose objective is to collect the contractual cash flows and sell it.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying the principal and interest on the outstanding principal amount.
2. The Group uses trade date accounting for financial assets at fair value through other comprehensive income in accordance with trading practices.
3. The Group measures the financial asset at fair value plus transaction costs on initial recognition and subsequently at fair value.

Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss and is reclassified to retained earnings. The Group recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in, and the amount of dividends can be measured reliably.

(9) Financial Assets at Amortized Cost

1. Those meet the following criteria at the same time:
 - (1) The financial asset is held under a business model whose objective is to collect the contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying the principal and interest on the outstanding principal amount.
2. The Group uses trade date accounting for financial assets at amortized cost in accordance with trading practices.
3. The Group recognizes the financial asset at fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment loss over the circulation period using the effective interest method under the amortization procedure, and recognizes its gain or loss in profit or loss upon derecognition.
4. The Group holds time deposits that do not qualify as cash equivalents. Because of the short holding period, the effect of discounting is not significant and they are measured at the amount invested.

(10) Accounts and Notes Receivable

1. Accounts and notes receivable represent the unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable without interest are measured at the original invoice amount because the effect of discounting is not significant.

(11) Impairment of Financial Assets

On each balance sheet date, for investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost, the Group measures the allowance for losses at the expected credit loss over 12 months, taking all reasonable and corroborable information into account, including forward-looking information and for those whose credit risk has not increased significantly since initial recognition, the allowance for losses is measured at the expected credit loss amount over 12 months. For those with significant increases in credit risk since initial recognition, an allowance for losses is measured at the amount of expected credit losses over the period. For accounts receivable or contract assets that do not contain significant financial components, the allowance for losses is measured at the amount of the expected credit loss over the period.

(12) Derecognition of Financial Assets

Financial assets are derecognized when the Group's contractual rights to receive cash flows from the financial assets lapse.

(13) Inventories

Inventories are measured at the lower of cost or net realizable value and are calculated at standard cost. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and related variable selling expenses.

(14) Property, Plants, and Equipment

1. Property, plants, and equipment are recorded at acquisition cost and the related interest is capitalized during the period of acquisition or construction.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced portion should be derecognized. All other maintenance costs are recognized in profit or loss as incurred.
3. Property, plants, and equipment are subsequently measured at cost and depreciated on a straight-line basis over their estimated useful lives. If the components of property, plants, and equipment are significant, they are depreciated separately.
4. The Group reviews the residual value, useful life, and depreciation method of each asset at the end of each fiscal year. If the expected value of the residual value and useful life differs from previous estimates, or if there is a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates, and Errors" from the date of the change. The useful lives of each asset are as follows:

Buildings and Structures (including ancillary equipment)	3 years to 50 years
Machinery and Equipment	3 years to 8 years
Molding Equipment	2 years

Office Equipment	3 years
Other Equipment	2 years to 3 years

(15) Lease Transactions as the Lessee - Right-of-Use Assets/Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Group. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payments are recognized as an expense on a straight-line basis over the lease period.
2. Lease liabilities are recognized at the present value of the lease payments outstanding at the starting date of the lease, discounted at the Group's incremental borrowing rate, and the lease payments consist of:
 - (1) Fixed payments, net of any lease incentives that may be received; and
 - (2) Variable lease payments depending on an index or rate.

Interest expense is subsequently provided for under the amortized cost method over the lease using the interest method. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.
3. Right-of-use assets are recognized at cost at the starting date of the lease and the cost consists of:
 - (1) The original measurement amount of the lease liability; and
 - (2) Any lease payments made on or before the starting date.

Depreciation expense is provided based on the expiration of the useful life of the right-of-use asset or the expiration of the lease period, whichever is earlier, measured subsequently using the cost model. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability

(16) Intangible Assets

This includes computer software, which is recorded at acquisition cost and amortized by the average method over the estimated economic benefit period.

(17) Impairment of Non-financial Assets

The Group estimates the recoverable amount of an asset with an indication of impairment on the balance sheet date and recognizes an impairment loss when the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. An impairment loss is reversed when the impairment loss that was recognized in prior years no longer exists or decreases, provided that the carrying amount of the asset increased by the reversed impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

(18) Accounts and Notes Payable

1. They refer to debts arising from the purchase of raw materials, merchandise or services on credit, and notes payable arising from operating and non-operating activities.
2. Short-term accounts and notes payable without interest are measured at the

original invoice amount because the effect of discounting is not significant.

(19) Financial Liabilities at Fair Value Through Profit or Loss

1. They refer to financial liabilities that are held primarily for the purpose of repurchasing in the near future and for trading in derivatives other than those designated as hedging instruments under hedge accounting. Or financial liabilities designated as at fair value through profit or loss on initial recognition. The Group designates a financial liability at fair value through profit or loss on initial recognition when one of the following criteria is met:
 - (1) It is a hybrid (combined) contract; or
 - (2) It can eliminate or materially reduce measurement or recognition inconsistencies; or
 - (3) It is an instrument that is managed and evaluated on a fair value basis in accordance with written risk management policies.
2. The Group measures financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the gain or loss recognized in profit or loss.

(20) Convertible Bonds Payable

The convertible bonds payable issued by the Group are embedded with conversion rights (i.e., the holder's right to choose to convert to the Group's common stock for a fixed number of shares with a fixed amount of money), resale rights, and repurchase rights. At initial issuance, the issue price is classified as financial assets, financial liabilities, or equity depending on the issuance conditions, which are treated as follows:

1. Embedded Resale Rights and Repurchase Rights: Recorded as "financial assets or liabilities at fair value through profit or loss" at their net fair value on initial recognition; subsequently, the difference based on the fair value at that time is recognized as "gain or loss on financial assets (liabilities) at fair value through profit or loss" on the balance sheet date.
2. Master Contract of Corporate Bonds: The difference between the fair value of corporate bonds and the redemption value is recognized as a premium or discount on bonds payable at the time of initial recognition; subsequently, it is recognized in profit or loss as an adjustment to "financial costs" using the effective interest method under the amortization procedure over the circulation period.
3. Embedded Conversion Rights (which meet the definition of equity): On initial recognition, the remaining value of the issue amount, net of the above "financial assets or liabilities at fair value through profit or loss" and "bonds payable", is recorded as "capital surplus - stock options" and is not subsequently remeasured.

4. Any transaction costs directly attributable to the issuance are allocated to each component of liabilities and equity in proportion to the original carrying amount of each component mentioned above.
5. Upon conversion, the components of liabilities (including “bonds payable” and “financial assets or liabilities at fair value through profit or loss”) are subsequently measured according to their respective classifications, and the book value of the aforementioned components of liabilities is added to the book value of “capital surplus - stock options” as the issuance cost of the common stock exchanged.

(21) Employee Benefits

1. Short-term Employee Benefits
Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered.
2. Pensions
Defined Contribution Plans
For defined contribution plans, the amount to be contributed to the pension fund is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.
3. Remuneration to Employees and Directors and Supervisors
Remuneration to employees and directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If the actual distributed amount differs from the estimated amount, the difference is treated as a change in accounting estimate. Where the remuneration to employees is paid in stock, the number of shares is calculated based on the closing price on the day before the Board of Directors' resolution.

(22) Income Taxes

1. Income tax expense includes current and deferred income taxes. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.

2. The Group bases current income taxes on the tax rates enacted or substantively enacted on the balance sheet date in the countries in which the Group operates and generates taxable income. Management periodically assesses the status of income tax returns with respect to applicable income tax regulations and, where appropriate, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Income taxes on unappropriated earnings are levied in accordance with the Income Tax Act. Income tax expenses on unappropriated earnings are recognized based on the actual distribution of earnings in the year following the year in which the earnings are generated after the earnings distribution proposal is passed at the shareholders' meeting.
3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. Deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, does not affect the accounting profit or taxable income (taxable loss). Temporary differences arising from investments in subsidiaries and affiliates are not recognized if the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is calculated using the tax rates (and tax laws) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, based on legislation or substantively enacted on the balance sheet date.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and the unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and there is an intention to settle or realize the assets and settle the liabilities on a net basis. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and when the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(23) Stock Capital

1. Common stock is classified as equity and the incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from price in equity, net of income taxes.
2. When the Group repurchases issued shares, the consideration paid includes any incremental costs directly attributable to the issuance of new shares recognized as a deduction from shareholders' equity, net of income tax. Upon subsequent reissuance of repurchased shares, the difference between the consideration received and the carrying amount, net of any directly attributable incremental costs and income tax effects, is recognized as a deduction from stockholders' equity.

(24) Dividend Distribution

Dividends distributed to the Group's shareholders are recognized in the financial statements when the Group's shareholders resolve to distribute the dividends. Cash dividends distributed are recognized as a liability and stock dividends distributed are recognized as stock dividends to be distributed and transferred to common stock on the base date of issuance of new shares.

(25) Revenue Recognition

1. The Group manufactures and sells optical fiber communication component products. Sales revenue is recognized when control of the product is transferred to the customer, i.e., when the product is delivered to the customer and the Company has no outstanding performance obligations that could affect the customer's acceptance of the product. Delivery of product occurs when the product is delivered to the customer at a designated location where the risk of obsolescence and loss has been transferred to the customer and the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.
2. Sales revenue is recognized at the contract price. Accounts receivable are recognized when the merchandise is delivered to the customer because the Company has an unconditional right to the contract price from that point onward, and it only takes some time before the Company receives the consideration from the customer.

(26) Operating Segments

Information on the Group's operating segments is reported in a manner consistent with the internal management reports provided to the chief operating decision makers. The chief operating decision makers are responsible for allocating resources to the operating segments and evaluating their performance.

5. Significant Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In preparing for these Consolidated Financial Statements, the Group's management has applied its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing on the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be continually evaluated and adjusted, with historical experience and other factors taken into account. These estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year. Please refer to the following descriptions for the uncertainty of significant accounting judgments, estimates, and assumptions:

(1) Significant Judgments in the Adoption of Accounting Policies

None

(2) Significant Accounting Estimates and Assumptions

Inventory Valuation

As inventories are stated at the lower of cost or net realizable value, the Group must use judgment and estimates to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in technology, the Group evaluates the amount of inventories on the balance sheet date that are normally worn out, obsolete, or have no marketable value, and reduces the cost of inventories to the net realizable value. This inventory valuation is primarily based on estimates of product demand in specific future periods and is subject to significant change.

As of December 31, 2023, the carrying amount of the Group's inventories was \$271,255.

6. Description of Significant Accounting Items

(1) Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on Hand and Revolving Funds	\$ 343	\$ 414
Checking Deposits	-	358
Demand Deposits	472,732	500,346
Time Deposits	287,699	571,647
Bonds With Repurchase Agreement	141,243	85,988
Total	<u>\$ 902,017</u>	<u>\$ 1,158,753</u>

1. The credit quality of the Group's correspondent financial institutions is good and the Group has dealings with various financial institutions to diversify credit risk, and the possibility of default is expected to be low.
2. The Group's cash and cash equivalents restricted for use were \$1,673 as of December 31, 2023 and 2022, and were classified as other financial assets (listed as "other non-current assets").

(2) Financial Assets at Fair Value Through Profit or Loss

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Items:		
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss		
Stock of Listed Companies on the TWSE and TPEX	\$ 116,825	\$ 139,960
Valuation Adjustments	106,704	(48,676)
Total	<u>\$ 223,529</u>	<u>\$ 91,284</u>

1. The breakdown of financial assets at fair value through profit or loss recognized in profit (loss) is as follows:

	2023	2022
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss		
Equity Instruments	\$ 192,575	(\$ 43,014)
Redemption/Sale Rights of Convertible Bonds	(30)	30
Total	<u>\$ 192,545</u>	<u>(\$ 42,984)</u>

2. The Group has not pledged financial assets at fair value through profit or loss as security.
3. For information on the fair value of financial assets at fair value through profit or loss, please refer to Note 12 (3).

(3) Financial Assets at Fair Value Through Other Comprehensive Income

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current Items:		
Equity Instruments		
Stock of Non-listed Companies	\$ 24,856	\$ 26,030
Valuation Adjustments	<u>2,095</u>	<u>4,223</u>
Total	<u>\$ 26,951</u>	<u>\$ 30,253</u>

1. The Group has elected to classify equity instruments of strategic investments as financial assets at fair value through other comprehensive income, and the fair values of these investments were \$26,951 and \$30,253 as of December 31, 2023 and 2022, respectively.
2. The breakdown of financial assets at fair value through other comprehensive income recognized in other comprehensive income is as follows:

	2023	2022
<u>Equity Instruments at Fair Value Through Other Comprehensive Income</u>		
Recognized in Other Comprehensive Profit or Loss by Change in Fair Value	(\$ 2,128)	(\$ 7,988)
Dividend Income Recognized in Profit or Loss		
Held at the End of the Period	<u>\$ 1,544</u>	<u>\$ 2,429</u>

3. The financial asset held by the Company at fair value through other comprehensive income that best represents without considering the collateral or other credit enhancements, had a maximum exposure to credit risk of \$26,951 and \$30,253 as of December 31, 2023 and 2022, respectively.
4. The Group has not pledged financial assets at fair value through other comprehensive income as security.
5. For information on the fair value of financial assets at fair value through other

comprehensive income, please refer to Note 12 (3).

(4) Financial Assets at Amortized Cost

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
-------------	--------------------------	--------------------------

Current Items:

- | | | |
|---------------|--------------|------------|
| Time Deposits | \$ 1,183,202 | \$ 537,712 |
|---------------|--------------|------------|
1. The amount that best represents the Group's exposure to credit risk for financial assets at amortized cost, without taking into account collateral held or other credit enhancements, was \$1,183,202 and \$537,712 as of December 31, 2023 and 2022, respectively.
 2. Please refer to Note 12 (2) for information on the credit risk of financial assets at amortized cost. The credit quality of the Group's correspondent financial institutions is good, and the possibility of default is expected to be low.

(5) Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts Receivable	\$ 478,676	\$ 760,229
Less: Allowance for Losses	-	-
	<u>\$ 478,676</u>	<u>\$ 760,229</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
	<u>Accounts Receivable</u>	<u>Accounts Receivable</u>
Not Overdue	\$ 436,074	\$ 603,597
Within 30 Days	41,633	147,216
31-90 Days	969	5,371
91-180 Days	-	4,045
	<u>\$ 478,676</u>	<u>\$ 760,229</u>

The aging analysis of accounts receivable and notes receivable are based on the number of days over due and the maturity date of the notes, respectively.

2. As of December 31, 2023 and 2022, the accounts receivable balances were generated from customer contracts, and the receivable balances from customer contracts were \$587,210 as of January 1, 2022.
3. The Group has not pledged any accounts receivable as security.
4. Without considering the collaterals held or other credit enhancements, the amount that best represents the Group's maximum exposure to credit risk for the accounts receivable (including notes receivable) as of December 31, 2023 and 2022 was \$478,676 and \$760,229, respectively.
5. Please refer to Note 12 (2) for information on the related credit risk of accounts receivable and notes receivable.

(6) Inventories

	31-Dec-23	31-Dec-22
Raw Materials	\$ 93,824	\$ 94,465
Work in Process	95,173	92,828
Finished Goods	82,258	102,028
Total	<u>\$ 271,255</u>	<u>\$ 289,321</u>

The cost of inventories the Group recognized as expenses in the period:

	2023	2022
Cost of Inventories Sold	\$ 2,208,365	\$ 2,444,689
Gain on Slow Moving Inventory and Decline in Value	14,275	(29,078)
	<u>\$ 2,222,640</u>	<u>\$ 2,415,611</u>

The Group recognized a decrease in cost of goods sold in 2022 due to the disposal of certain inventories that had declined in value or become slow moving, resulting in a recovery in the net realizable value of inventories.

(7) Non-current Assets Held for Sale

On May 5th, 2022, this group was approved by the board of directors to sell Browave Japan Corporation. The related assets and liabilities were transferred to the disposal group held for sale. The equity transfer agreement was signed on May 10, 2022. The disposal group held for sale sold 8,000 shares on December 2022, and the disposal price and disposal gain were \$67,086 and \$7,394, respectively, accounted for under other comprehensive income (loss). For further details, please refer to Note 6 (22) and (28).

(8) Property, Plants, and Equipment

	Buildings and Structures	Machinery and Equipment	Molding Equipment	Office Equipment	Others	Construction in Progress and Equipment to be Tested	Total
<u>Cost</u>							
2023/1/1	\$ 275,682	\$ 960,542	\$ 8,116	\$ 45,117	\$ 3,288	\$ 4,398	\$ 1,297,143
Addition	1,006	53,894	339	11,752	64,109	315	131,415
Disposal	(79)	(51,838)	(269)	(2,209)	(6)	-	(54,401)
Reclassification	-	(100)	-	4,045	-	(3,945)	-
Net Exchange Difference	480	(13,268)	(30)	(564)	(1,165)	(38)	(15,545)
2023/12/31	<u>\$ 276,129</u>	<u>\$ 949,230</u>	<u>\$ 8,156</u>	<u>\$ 58,141</u>	<u>\$ 66,226</u>	<u>\$ 730</u>	<u>\$ 1,358,612</u>
<u>Accumulated Depreciation and Impairment</u>							
2023/1/1	\$ 177,004	\$ 720,308	\$ 7,408	\$ 39,910	\$ 3,032	\$ -	\$ 947,662
Depreciation Expenses	6,632	53,860	548	4,364	17,572	-	82,976
Disposal	(71)	(47,788)	(272)	(2,131)	(4)	-	(50,266)
Non-current Groups Held for Sale	-	(3)	-	3	-	-	-
Net Exchange Difference	(431)	(8,916)	(29)	(372)	(334)	-	(10,082)
2023/12/31	<u>\$ 183,134</u>	<u>\$ 717,461</u>	<u>\$ 7,655</u>	<u>\$ 41,774</u>	<u>\$ 20,266</u>	<u>\$ -</u>	<u>\$ 970,290</u>
<u>Book Value</u>							
2023/1/1	<u>\$ 98,678</u>	<u>\$ 240,234</u>	<u>\$ 708</u>	<u>\$ 5,207</u>	<u>\$ 256</u>	<u>\$ 4,398</u>	<u>\$ 349,481</u>
2023/12/31	<u>\$ 92,995</u>	<u>\$ 231,769</u>	<u>\$ 501</u>	<u>\$ 16,367</u>	<u>\$ 45,960</u>	<u>\$ 730</u>	<u>\$ 388,322</u>

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Office Equipment	Others	Construction in Progress and Equipment to be Tested	Total
<u>Cost</u>								
2022/1/1	\$101,439	\$ 301,535	\$ 918,986	\$ 12,543	\$ 43,860	\$ 3,339	\$ 802	\$ 1,382,504
Addition	-	1,284	58,579	1,013	1,250	-	4,077	66,203
Disposal	-	(3,716)	(28,390)	(5,218)	-	(75)	-	(37,399)
Non-current Groups Held for Sale	(98,023)	(23,021)	-	-	(345)	-	-	(121,389)
Reclassification	-	-	749	(249)	-	-	(500)	-
Net Exchange Difference	(3,416)	(400)	10,618	27	352	24	19	7,224
2022/12/31	<u>\$ -</u>	<u>\$ 275,682</u>	<u>\$ 960,542</u>	<u>\$ 8,116</u>	<u>\$ 45,117</u>	<u>\$ 3,288</u>	<u>\$ 4,398</u>	<u>\$ 1,297,143</u>
<u>Accumulated Depreciation and Impairment</u>								
2022/1/1	\$ -	\$ 179,313	\$ 673,670	\$ 11,302	\$ 37,817	\$ 2,892	\$ -	\$ 904,994
Depreciation Expenses	-	8,293	63,511	1,298	2,136	184	-	75,422
Disposal	-	(3,715)	(24,466)	(5,217)	-	(67)	-	(33,465)
Non-current Groups Held for Sale	-	(7,010)	-	-	(331)	-	-	(7,341)
Net Exchange Difference	-	123	7,593	25	288	23	-	8,052
2022/12/31	<u>\$ -</u>	<u>\$ 177,004</u>	<u>\$ 720,308</u>	<u>\$ 7,408</u>	<u>\$ 39,910</u>	<u>\$ 3,032</u>	<u>\$ -</u>	<u>\$ 947,662</u>
<u>Book Value</u>								
2022/1/1	<u>\$101,439</u>	<u>\$ 122,222</u>	<u>\$ 245,316</u>	<u>\$ 1,241</u>	<u>\$ 6,043</u>	<u>\$ 447</u>	<u>\$ 802</u>	<u>\$ 77,510</u>
2022/12/31	<u>\$ -</u>	<u>\$ 98,678</u>	<u>\$ 240,234</u>	<u>\$ 708</u>	<u>\$ 5,207</u>	<u>\$ 256</u>	<u>\$ 4,398</u>	<u>\$ 349,481</u>

For information on property, plants, and equipment pledged as security, please refer to Note 8.

(9) Lease Transactions - Lessee

1. The underlying assets of the Group's leases include land, buildings and structures, and transportation equipment. The period of the lease contracts normally ranges from 3 to 20 years. Lease agreements are individually negotiated and contain various terms and conditions, with no restrictions other than that the leased assets cannot be used as security for borrowings.
2. The book values of the right-of-use assets and the depreciation expense recognized were as follows:

	December 31, 2023	December 31, 2022
	Carrying Amount	Carrying Amount
Land	\$ 26,975	\$ 27,939
Buildings and Structures	12,855	32,818
Transportation Equipment	2,223	2,993
	<u>\$ 42,053</u>	<u>\$ 63,750</u>

	2023	2022
	Depreciation Expenses	Depreciation Expenses
Land	\$ 963	\$ 963
Buildings and Structures	23,615	15,158
Transportation Equipment	2,175	1,996
	<u>\$ 26,753</u>	<u>\$ 18,117</u>

3. The additions to the Group's right-of-use assets amounted to \$5,198 and \$20,307 for 2023 and 2022, respectively.
4. Information on gains and losses related to lease contracts is as follows:

	2023	2022
<u>Items Affecting Profit or Loss for the Period</u>		
Interest Expense on Lease Liabilities	\$ 1,457	\$ 1,217
Expenses Under Short-term Lease Contracts	4,733	1,742

5. The Group's total lease cash outflows for 2023 and 2022 were \$33,203 and \$20,879, respectively.

(10) Other Non-current Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable Deposits	\$ 7,777	\$ 7,570
Prepayments For Equipment	3,609	20,486
Others	819	1,091
	<u>\$ 12,205</u>	<u>\$ 29,147</u>

(11) Financial Liabilities at Fair Value Through Profit or Loss

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Items:		
Financial Liabilities Mandatorily Measured at Fair Value Through Profit or Loss		
Redemption/Sale Rights of Convertible Bonds	\$ -	(\$ 59)
Valuation Adjustments	-	59
Total	<u>\$ -</u>	<u>\$ -</u>

The breakdown of financial liabilities at fair value through profit or loss recognized in profit or loss is as follows:

	<u>2023</u>	<u>2022</u>
Net Gain (Loss) Recognized in Profit or Loss:		
Financial Liabilities Mandatorily Measured at Fair Value Through Profit or Loss		
Redemption/Sale Rights of Convertible Bonds	<u>\$ -</u>	<u>\$ 1,440</u>

(12) Bonds Payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds Payable	\$ 300,000	\$ 300,000
Less: Amount subject to conversion rights	(300,000)	-
Less: Discount on Bonds Payable	-	(4,326)
	<u>\$ -</u>	<u>\$ 295,674</u>
Less: Convertible Bonds due within one year	(-)	(295,674)
	<u>\$ -</u>	<u>\$ -</u>

1. Domestic Convertible Bonds Issued by the Company
 - (1) The terms of the second domestic unsecured convertible bonds are as follows:
 - A. The Company's second domestic unsecured convertible bonds were approved by the competent authorities and issued with a total amount of \$300,000 and a coupon rate of 0% for a three-year issuance period from October 8, 2020 to October 8, 2023. The convertible bonds are repayable in cash at par value on maturity.
 - B. The holders of the convertible bonds may request the Group to convert the bonds into common stock at any time from the day after the third month from the date of issuance to the maturity date, except for the period when the transfer of the bonds is suspended under the regulations or laws. The rights and obligations of the converted common stock are the same as those of the earlier issued common stock.
 - C. The conversion price of the convertible bonds of NT\$57.1 per share is determined in accordance with the pricing model stipulated in the conversion measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the conversion measures under circumstances of anti-dilution clauses.
 - D. The bondholders may request the Company to repurchase the convertible bonds held by themselves two years after the date of issuance.
 - E. If the closing price of the Company's common stock exceeds 30% of the conversion price for 30 consecutive business days from the day after the third month of issuance to the 40th day before the expiration of the issuance period, the Company may redeem all of the bonds at their face value in cash within 30 business days thereafter.
 - F. If the outstanding balance of the convertible bonds is less than 10% of the original issue amount from the day after the third month of issuance to the 40th day before the expiration of the issuance period, the Company may redeem all of the bonds at their face value in cash at any time thereafter.
 - G. In accordance with the conversion measures, all bonds redeemed (including those bought back by the TPEx), repaid, or converted by the Company will be cancelled and all rights and obligations attached to the bonds will be extinguished and no reissuance will be made.
 - (2) The book value of convertible bonds \$300,000 has been converted into 5,254 thousands of common shares, as of December 31, 2023.
2. Upon the issuance of convertible bonds, the Group separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation", and recorded \$11,535 as "capital surplus - stock options". In accordance with IFRS 9, "Financial Instruments", the embedded repurchase and resale rights are separated from the economic characteristics and risks of the debt instruments of the master contract and are recorded as "financial liabilities at fair value through profit or loss" on a net basis. The effective interest rate of the debt of the master contract after the separation was 1.88%.

(13) Other Payables

	December 31, 2023	December 31, 2022
Employment Expenses Payable	\$ 182,413	\$ 207,312
Service Expenses Payable	3,673	5,121
Payables On Equipment	13,349	1,886
Others	23,900	25,400
	<u>\$ 223,335</u>	<u>\$ 239,719</u>

(14) Pensions

1. Effective July 1, 2005, the Group and its domestic subsidiaries have established a defined contribution pension plan in accordance with the “Labor Pension Act”, which is applicable to domestic employees. The Group and its domestic subsidiaries make monthly contributions of 6% of salaries and wages to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to apply the labor pension system under the “Labor Pension Act”. The employees' pension payments are made in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.
2. The Group's Mainland subsidiary contributes a certain percentage monthly as pension benefits as specified by the local governments in accordance with the pension insurance system of the People's Republic of China. Each employee's pension is managed and coordinated to by the government, and the subsidiary has no further obligation other than making monthly contributions.
3. Our group's other foreign subsidiaries allocate retirement benefits in accordance with local regulations.
4. For 2023 and 2022, the Group recognized pension costs of \$5,293 and \$5,695, respectively, based on the above pension plans.

(15) Stock Capital

As of December 31, 2023, the Company's authorized capital was \$1,000,000, divided into 100,000 thousands of shares with a par value of \$10 per share, of which 8,800 thousands of shares were reserved for conversion upon exercise of stock options, and the paid-in capital was \$805,407. The Company has fully received the payment for the issued shares.

1. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning of the period to the end of the period is as follows:

Unit: thousands of shares

	2023	2022
January 1	75,287	75,287
Transfer of Convertible Bond	5,254	-
December 31	80,541	75,287

(16) Capital Surplus

Under the Company Act, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to make up for losses, except when the Company has no accumulated losses, in which case new shares or cash may be distributed in proportion to the shareholders' original shareholding percentages. In accordance with the Securities and Exchange Act, the total amount of the above capital surplus may not exceed 10% of the paid-in capital in any year. The Company may not use capital surplus to replenish the capital loss unless the earned surplus is insufficient to cover the capital loss.

		2023				
		Issue Premium	Lapsed Stock Options	Stock Options	Treasury Stock	Total
January 1		\$ 293,065	\$ 1,344	\$ 11,535	\$ 49,006	\$ 354,950
Convertible Bond		257,967	-	(11,535)	-	246,432
December 31		<u>\$ 551,032</u>	<u>\$ 1,344</u>	<u>\$ -</u>	<u>\$ 49,006</u>	<u>\$ 601,382</u>
		2022				
		Issue Premium	Lapsed Stock Options	Stock Options	Treasury Stock	Total
January 1		<u>\$ 293,065</u>	<u>\$ 1,344</u>	<u>\$ 11,535</u>	<u>\$ 49,006</u>	<u>\$ 354,950</u>
(The same as 31-Dec.)						

(17) Retained Earnings

1. In accordance with the Company's Articles of Incorporation, if the Company makes a profit as concluded by the annual accounting book close, the Company's annual final accounts, the Company shall first pay taxes to make up for past losses and then set aside 10% as legal reserve, except when the legal reserve has accumulated to the total paid-in capital, and after setting aside or reversing the special reserve in accordance with the regulations of the competent authority, the remaining amount together with accumulated unappropriated earnings from previous years shall be available-for-distribution earnings. The Board of Directors may, at its discretion, retain a portion of the earnings in accordance with operating requirements and then request the shareholders to resolve the distribution of bonuses or dividends to shareholders. The Company may, with the presence of at least two-thirds of the Board of Directors and the

approval of a majority of the directors present, distribute all or part of the dividends and bonuses in the form of cash and report to the stockholders' meeting.

2. The Company's dividend policy is based on the Company's current and future investment environment, capital requirements, domestic and foreign competition, and capital budget, taking the interests of shareholders and balancing dividends and the Company's long-term planning, etc. into account. The Board of Directors shall prepare and submit the distribution plan to the shareholders' meeting annually in accordance with the law. The annual distribution of dividends to shareholders shall be no less than 50% of the net profit for the year. The Company may distribute dividends to shareholders in cash or in stock. However, the Company may not distribute dividends if the net profit for the year does not reach 10% of the paid-in capital. Cash dividends shall not be less than 10% of the total dividends paid, but the type and percentage for such earnings distribution may be adjusted by resolution of the shareholders' meeting depending on the actual profit and capital position of the year.
3. Legal reserve may not be used except to make up for losses or to issue new shares or cash in proportion to the shareholders' original shareholding percentage. provided the amount of such new shares or cash issued shall be limited to the reserve in excess of 25% of the paid-in capital.
4. (1) When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity as of the balance sheet date. When the debit balance of other equity is subsequently reversed, the reversal amount can be included in available-for-distribution earnings.
(2) Upon the adoption of IFRSs for the first time, the special reserve provided in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012 is reversed in proportion to the special reserve provided when the Company subsequently uses, disposes of, or reclassifies the related assets. When the Company adopted IFRSs for the first time in 2013, due to the Company's election to apply the IFRS 1 exemption, the cumulative translation effect was transferred to retained earnings on the date of transition to IFRSs and a special reserve of \$45,818 was provided for the same amount.
5. On February 29, 2024, the Board of Directors resolved, and on June 19, 2023, the shareholders resolved, to approve the following distribution of earnings for 2023 and 2022:

	2023		2022	
	Amount	Dividends Per Share (NTD)	Amount	Dividends Per Share (NTD)
Legal Reserve	\$ 43,578	-	\$ 45,158	-
Special Reserve	10,965	-	(19,776)	-
Cash Dividends	289,947	\$ 3.60	316,205	\$ 4.20
Total	<u>\$ 344,490</u>		<u>\$ 341,587</u>	

(18) Other Equity

	Foreign Currency Translation	Financial Assets at Fair Value Through Other Comprehensive Income
2023/1/1	(\$ 66,035)	\$ 4,223
Group Foreign Currency Translation Differences	(8,838)	-
Group Valuation Adjustments	-	(2,128)
2023/12/31	(\$ 74,873)	\$ 2,095

	Foreign Currency Translation	Financial Assets at Fair Value Through Other Comprehensive Income
2022/1/1	(\$ 93,799)	\$ 12,211
Group Foreign Currency Translation Differences	13,381	-
Group Valuation Adjustments	-	(7,988)
Disposal Group Held for Sale	14,383	-
2022/12/31	(\$ 66,035)	\$ 4,223

(19) Operating Revenue

	2023	2022
Revenue From Customer Contracts	\$ 2,779,058	\$ 3,210,572

1. Breakdown of Revenue From Customer Contracts

The Group's revenue is derived from merchandise transferred at a point in time, and can be broken down into the following major product lines:

<u>2023</u>	Optical Communication Optical Modules
Revenue From External Customer Contracts	\$ 2,779,058
<u>2022</u>	Optical Communication Optical Modules
Revenue From External Customer Contracts	\$ 3,210,572

2. Contract Liabilities

The Group recognizes contract liabilities for revenue from customer contracts as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract Liabilities - Merchandise Contracts	<u>\$ 2,586</u>	<u>\$ 4,522</u>	<u>\$ 8,429</u>
Contract Liabilities at the Beginning of the Period Recognized as Revenue in the Period as follows:			

	<u>2023</u>	<u>2022</u>
Balance of Contract Liabilities at the Beginning of the Period		
Revenue Recognized in the Period		
Merchandise Contracts	<u>\$ 2,347</u>	<u>\$ 6,446</u>
(20) <u>Interest Income</u>		

	<u>2023</u>	<u>2022</u>
Interest on Bank Deposits	<u>\$ 59,214</u>	<u>\$ 17,034</u>

(21) Other Income

	<u>2023</u>	<u>2022</u>
Dividend Income	<u>\$ 3,554</u>	<u>\$ 8,861</u>
Miscellaneous Income	<u>24,603</u>	<u>7,411</u>
	<u>\$ 28,157</u>	<u>\$ 16,272</u>

(22) Other Gains and Losses

	<u>2023</u>	<u>2022</u>
Loss on Disposal of Property, Plants, and Equipment	(\$ 1,304)	(\$ 2,097)
Gain on Disposal of non-current groups as held for sale	-	7,394
Gain on Lease Modification	8	-
Net Exchange Gain	12,034	123,330
Gain (Loss) on Financial Assets and Liabilities at Fair Value Through Profit or Loss	192,545	(41,544)
Miscellaneous Expenses	(1,143)	(299)
	<u>\$ 202,140</u>	<u>\$ 86,784</u>

(23) Financial Costs

	2023	2022
Interest Expenses:		
Bank Loans	\$ 23	\$ 528
Convertible Bonds	3,296	5,515
Lease Liabilities	1,457	1,217
Interest on Bills	-	1
	<u>\$ 4,776</u>	<u>\$ 7,261</u>

(24) Expenses by Nature

	2023	2022
Employee Benefit Expenses	\$ 655,478	\$ 803,113
Depreciation Expenses	\$ 109,729	\$ 93,539
Amortization Expense of Intangible Assets	\$ 2,311	\$ 3,653

(25) Employee Benefit Expenses

	2023	2022
Salary Expenses	\$ 523,216	\$ 653,782
Insurance Expenses	58,556	66,254
Pension Expenses	5,293	5,695
Director's Remuneration	20,965	23,472
Other Employment Expenses	<u>47,448</u>	<u>53,910</u>
	<u>\$ 655,478</u>	<u>\$ 803,113</u>

1. In accordance with the Company's Articles of Incorporation, the Company shall distribute employees' remuneration at 5% to 15% of the current year's profit and directors' and supervisors' remuneration at no more than 3% of the current year's profit. However, the Company shall make up for any accumulated losses, if any. Remuneration to employees may be in the form of stock or cash and may be made to employees of subordinate companies who meet certain criteria.
2. For 2023 and 2022, the estimated remuneration to employees was \$34,000 and \$41,000, respectively, and the estimated remuneration to directors and supervisors was \$11,000 and \$13,600, respectively, which were recorded as salary expenses.

The remuneration to employees and directors and supervisors for 2022 resolved by the shareholders' meeting were consistent with the amounts recognized in the financial statements for 2022.

Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and Shareholders' Meeting will be posted in the "Market

Observation Post System” at the website of the Taiwan Stock Exchange.

(26) Income Taxes

1. Components of Income Tax Expenses:

	2023	2022
Current Income Taxes:		
Current tax on profits for the period (Note)	\$ 80,362	\$ 132,974
Tax on undistributed surplus earnings	5,500	-
Adjustments in respect of prior period	(1,462)	(3,579)
Total Current Income Taxes	<u>84,400</u>	<u>129,395</u>
Deferred Income Taxes:		
Origination and reversal of temporary differences	<u>5,475</u>	<u>5,663</u>
Total Deferred Income Taxes	<u>5,475</u>	<u>5,663</u>
Income Tax Expenses	<u>\$ 89,875</u>	<u>\$ 135,058</u>

Note: The applicable tax rate is based on the tax rate applicable to the income of the relevant country.

2. The relationship between income tax expenses and accounting profit is explained as follows:

	2023	2022
Income Taxes on Net Profit	\$ 109,965	\$ 143,645
Before Tax at Statutory Tax Rate (Note)		
Effect to be Excluded Under the Tax Law	1,446	2,609
Income Exempt From Tax Under the Tax Law	(41,897)	(1,468)
Deferred Income Tax Assets (Liabilities) Not Recognized for Temporary Differences	16,323	(6,149)
Adjustments in respect of prior period	5,500	-
Overestimated Income Tax for Previous Years	(1,462)	(3,579)
Income Tax Expenses	<u>\$ 89,875</u>	<u>\$ 135,058</u>

Note: The applicable tax rate is based on the tax rate applicable to the income of the relevant country.

3. The amount of each deferred income tax asset or liability arising from temporary differences and taxable losses are as follows:

2023				
	1-Jan	Recognize in Profit or Loss	Exchange Difference	31-Dec
Temporary Differences:				
- Deferred Income Tax Assets:				
Unrealized Salaries and Bonuses	\$ 8,891	\$ 1,820	(\$ 169)	\$ 10,542
Unrealized Exchange Losses	3,640	(2,730)	-	910
Others	8,986	(2,438)	-	6,548
Subtotal	\$ 21,517	(\$ 3,348)	(\$ 169)	\$ 18,000
- Deferred Income Tax Liabilities:				
Investment Income	(\$ 19,368)	\$ -	\$ -	(\$ 19,368)
Unrealized Exchange Gains	-	(2,127)	-	(2,127)
Subtotal	(\$ 19,368)	(\$ 2,127)	\$ -	(\$ 21,495)
Total	\$ 2,149	(\$ 5,475)	(\$ 169)	(\$ 3,495)

2022				
	1-Jan	Recognize in Profit or Loss	Exchange Difference	31-Dec
Temporary Differences:				
- Deferred Income Tax Assets:				
Unrealized Salaries and Bonuses	\$ 9,392	(\$ 669)	\$ 168	\$ 8,891
Unrealized Exchange Losses	600	3,040	-	3,640
Others	9,044	(58)	-	8,986
Subtotal	\$ 19,036	\$ 2,313	\$ 168	\$ 21,517
- Deferred Income Tax Liabilities:				
Investment Income	(\$ 11,392)	(\$ 7,976)	\$ -	(\$ 9,368)
Total	\$ 7,644	(\$ 5,663)	\$ 168	\$ 2,149

4. Deductible temporary differences not recognized as deferred income tax assets:

	December 31, 2023	December 31, 2022
Deductible Temporary Differences	\$ 92,001	\$ 22,448
5. The Company has not recognized deferred income tax liabilities for taxable temporary differences associated with certain investments in subsidiaries. The temporary differences in unrecognized deferred income tax liabilities were \$38,345 and \$78,103 as of December 31, 2023 and 2022, respectively.		
6. The Company's income taxes have been assessed by the tax authorities through 2021.		

(27) Earnings Per Share

	2023		
	Amount After Tax	Weighted-average Number of Outstanding Shares (in thousands)	Earnings Per Share (NTD)
<u>Basic Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	\$ 435,782	\$ 77,469	\$ 5.63
<u>Diluted Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	\$ 435,782	\$ 77,469	
Convertible Bonds	2,661	3,086	
Remuneration to Employees	-	495	
Net Profit for the Period Attributable to Owners of the Parent Company Plus the Effect of Potential Common Stock	\$ 438,443	\$ 81,050	\$ 5.41

	2022		
	Amount After Tax	Weighted-average Number of Outstanding Shares (in thousands)	Earnings Per Share (NTD)
<u>Basic Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	\$ 451,583	\$ 75,287	\$ 6.00
<u>Diluted Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	\$ 451,583	\$ 75,287	
Convertible Bonds	3,236	4,918	
Remuneration to Employees	-	858	
Net Profit for the Period Attributable to Owners of the Parent Company Plus the Effect of Potential Common Stock	\$ 454,819	\$ 81,063	\$ 5.61

(28) Supplementary Information on Cash Flows

1. Investing activities paid only partially in cash:

	2023	2022
Purchase of Property, Plants, and Equipment	\$ 131,415	\$ 66,203
Add: Payables on Equipment at the Beginning of the Period	1,886	5,219
Less: Payables on Equipment at the End of the Period	(13,349)	(1,886)
Add: Prepayments for Equipment at the End of the Period	3,609	20,486
Less: Prepayments for Equipment at the Beginning of the Period	(20,486)	(12,557)
Cash Paid in the Period	\$ 103,075	\$ 77,465

2. Financing activities not affecting cash flow:

	2023	2022
Convertible Bonds transfer into common stock	\$ 298,970	\$ -

3. In December 2022, the group sold 100% equity of its subsidiary Browave Japan Corporation, resulting in the loss of control over the subsidiary. (Please refer to Note 4 (3) and Note 6 (7) for details.) The consideration received from the transaction and the information regarding the related assets and liabilities of the subsidiary are as follows:

The book value of assets and liabilities of Browave Japan Corporation	December 20, 2022
Cash and cash equivalents	\$ 2,857
Prepayments	78
Property, plant and equipment	114,048
Other payables	(71,674)
Exchange differences arising on translation of foreign operations	14,383
Book value of the subsidiary disposed	59,692
Gain on disposal of the subsidiary	7,394
Total consideration received from the disposal of the subsidiary	67,086
Cash and cash equivalents of the disposed subsidiary	(2,857)
Net change in cash and cash equivalents of the disposed subsidiary	\$ 64,229

(29) Changes in Liabilities Arising From Financing Activities

	2023					Total Liabilities Arising from Financing Activities
	Lease Liabilities	Deposits received	Bonds Payable	Cash Dividends Payable		
January 1	\$ 64,738	\$ 176	\$ 295,674	\$ -		\$ 360,588
Changes in Cash Flows	(26,973)	-	-	(316,205)		(343,178)
Payment of Interest	(1,457)	-	-	-		(1,457)
Interest Expense	1,457	-	3,296	-		4,753
Changes in Non-cash Flows	4,860	-	(298,970)	-		(294,110)
Increase in the Period	-	-	-	316,205		316,205
Effect of Changes in Exchange Rates	153	(3)	-	-		150
December 31	<u>\$ 42,778</u>	<u>\$ 173</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 42,951</u>

	2022					
	Long-term Loans	Lease Liabilities	Deposits received	Bonds Payable	Cash Dividends Payable	Total Liabilities Arising from Financing Activities
January 1	\$ 39,153	\$ 62,121	\$ 739	\$290,159	\$ -	\$ 392,172
Changes in Cash Flows	(37,043)	(17,920)	(571)	-	(75,287)	(130,821)
Payment of Interest	-	(1,292)	-	-	-	(1,292)
Interest Expense	-	1,217	-	5,515	-	6,732
Changes in Non-cash Flows	-	20,381	-	-	-	20,381
Increase in the Period	-	-	-	-	75,287	75,287
Effect of Changes in Exchange Rates	(2,110)	231	8	-	-	(1,871)
December 31	<u>\$ -</u>	<u>\$ 64,738</u>	<u>\$ 176</u>	<u>\$295,674</u>	<u>\$ -</u>	<u>\$ 360,588</u>

7. Related Party Transactions

(1) Name and Relationship of Related Party

Name of Related Party

Wu Jhao Yi

Relationship With the Group

Substantive Related Party

(2) Transactions With Related Parties

Property Transactions

Disposal of Financial Assets

No disposal of financial assets in 2023.

				2022	
	Item in the Accounting Book	Number of Shares Traded	Subject Matter of Transaction	Disposal Price	Gain (Loss) on Disposal
Substantive Related Party	Disposal of disposal groups as held for sale	8,000	Stock	<u>\$ 67,086</u>	<u>\$ 7,394</u>

(3) Information on Key Management Salary

	2023	2022
Short-term Employee Benefits	\$ 50,179	\$ 60,482
Post-employment Benefits	660	768
Total	<u>\$ 50,839</u>	<u>\$ 61,250</u>

8. Pledged Assets

The breakdown of the guarantees given on the Group's assets is as follows:

Asset	Book Value		Guarantee Purposes
	31-Dec-23	31-Dec-22	
Refundable Deposits (listed as "Other Non-current Assets")	\$ 500	\$ 500	Post-release Duty Payment Guarantee for Imported Goods to Taipei Customs, Customs Administration, Ministry of Finance
Refundable Deposits (listed as "Other Non-current Assets")	1,173	1,173	Deposit For Lease of Park Land
Buildings and Structures	86,579	89,626	Guarantee For Bank Loan Facilities
	<u>\$ 88,252</u>	<u>\$ 91,299</u>	

9. Significant Commitments and Contingencies

None

10. Significant Disaster Losses

None

11. Significant Future Events

Please refer to Note 6 (17) 5.

12. Others

(1) Capital Management

The Group's capital management policy is to maintain a sound capital base to sustain the confidence of investors, creditors, and the market, and to support the future development of its operations. Capital consists of stock capital, capital surplus and retained earnings. Capital management objectives are achieved by controlling the return on capital and the level of common stock dividends.

Financial Risk of Financial Instruments

(2) Financial Risk of Financial Instruments

1. Type of Financial Instruments

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Financial Assets		
Financial Assets at Fair Value Through Profit or Loss		
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss	<u>\$ 223,529</u>	<u>\$ 91,284</u>
Financial Assets at Fair Value Through Other Comprehensive Income		
Designated Equity Instrument for Investment	<u>\$ 26,951</u>	<u>\$ 30,253</u>
Financial Assets at Amortized Cost		
Cash and Cash Equivalents	902,017	1,158,753
Financial Assets at Amortized Cost	1,183,202	537,712
Accounts Receivable	478,676	760,229
Other Receivables	3,319	2,129
Refundable Deposits	7,777	7,570
	<u>\$ 2,574,991</u>	<u>\$ 2,466,393</u>
	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Financial Liabilities		
Financial Liabilities at Amortized Cost		
Accounts Payable	\$ 573,537	\$ 416,864
Other Payables	223,335	239,719
Bonds Payable (including portion due within one year or one business cycle)	-	295,674
Deposits Received	173	176
	<u>\$ 797,045</u>	<u>\$ 952,433</u>
Lease Liabilities	<u>\$ 42,778</u>	<u>\$ 64,738</u>

2. Financial Risk Management Policy

- (1) The Group's daily operations are subject to a number of financial risks, including market risk (such as exchange rate risk and interest rate risk), credit risk, and liquidity risk. The Group employs exchange rate monitoring and counterparty credit management to identify all of the Group's risks and to seek to mitigate potential adverse effects on the Group's financial position and financial performance.

- (2) Risk management is performed by the Group's Finance Department in accordance with policies approved by the Board of Directors. The Group's Finance Department is responsible for the identification, assessment, and hedging of financial risks by working closely with the Group's operating units. The Board of Directors has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus liquidity.
3. Nature and Extent of Significant Financial Risks
- (1) Market Risk

Exchange Rate Risk

- A. The Group operates on a multinational basis and is therefore exposed to exchange rate risk arising from various currencies, mainly USD and RMB. The related exchange rate risk arises from future business transactions, recognized assets and liabilities, and net investments in foreign operations. In addition, the Consolidated Company has natural hedges based on its capital requirements and net position of foreign currency assets and liabilities in each currency.
- B. When short-term imbalances in foreign currency-denominated monetary assets and liabilities occur, the Group ensures that net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates.
- C. The Group engages in operations involving certain non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is RMB) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

(Foreign Currency: Functional Currency)	31-Dec-23		
	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (NTD)
<u>Financial Assets</u>			
<u>Monetary Item</u>			
USD: NTD	\$ 40,801	30.71	\$ 1,252,999
USD: CNY	8,960	7.08	275,162
<u>Financial Liabilities</u>			
<u>Monetary Item</u>			
USD: NTD	22,123	30.71	679,397
USD: CNY	2,789	7.08	85,650

(Foreign Currency: Functional Currency)	31-Dec-22		
	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (NTD)
<u>Financial Assets</u>			
<u>Monetary Item</u>			
USD: NTD	\$ 57,988	30.71	\$ 1,780,811
USD: CNY	9,121	6.96	280,106
<u>Financial Liabilities</u>			
<u>Monetary Item</u>			
USD: NTD	12,606	30.71	387,130
USD: CNY	1,423	6.96	43,700

- D. The aggregate amount of all exchange gains (losses) (both realized and unrealized) recognized for 2023 and 2022 was \$12,034 and \$123,330, respectively, due to the significant impact of exchange rate fluctuations on the Group's monetary items.
- E. The Group's exposure to foreign currency market risk due to significant exchange rate fluctuations is analyzed as follows:
- (A) For 2023 and 2022, if the exchange rate between USD and NTD had increased or decreased by 1%, respectively, with all other factors held constant, net profit after tax would have increased or decreased by \$5,736 and \$13,937 for 2023 and 2022, respectively.
- (B) For 2023 and 2022, if the exchange rate between USD and RMB had increased or decreased by 1%, respectively, with all other factors held constant, net profit after tax would have increased or decreased by \$1,895 and \$2,364 for 2023 and 2022, respectively.

Price Risk

- A. The Group's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets held at fair value through other comprehensive income. To manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.
- B. The Group invests mainly in equity instruments issued by domestic and foreign companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the prices of these equity instruments had increased or decreased by 1%, with all other factors held constant, net profit after tax for 2023 and 2022 would have increased or decreased by \$2,235 and \$913, respectively, as a result of the gain or loss on equity instruments measured at fair value through profit or loss. For other comprehensive income, the gain or loss on equity investments classified as at fair value through other comprehensive income would increase or decrease by

\$270 and \$303, respectively.

Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk arises from short-term and long-term loans. Loans issued at fixed rates expose the Group to fair value interest rate risk.

(2) Credit Risk

- A. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, primarily from the failure of counterparties to settle accounts receivable on collection terms and contractual cash flows of financial assets measured at amortized cost.
- B. The Group establishes the management of credit risk from a group perspective. In accordance with the internal credit policy, each operating entity of the Group is required to manage and analyze credit risk for each new customer before setting the terms and conditions of payment and delivery. Internal risk control is performed to assess the credit quality of customers by considering their financial position, past experience, and other factors. Individual risk limits are established by management based on internal or external ratings, and the use of credit limits is regularly monitored.
- C. The Group uses IFRS 9 to provide the premise assumption that a default is deemed to have occurred when contractual payments are more than 90 days overdue in accordance with the contractual payment terms.
- D. The Group uses IFRS 9 to provide the premise assumption that a financial asset is considered to be subject to a significant increase in credit risk since original recognition when contractual payments are more than 30 days overdue in accordance with the contractual payment terms.
- E. The indicators used by the Company to determine that investments in debt instruments are credit-impaired are as follows:
 - (A) A significant increase in the likelihood that the issuer is experiencing significant financial difficulties or will enter bankruptcy or other financial restructuring.
 - (B) The issuer's financial difficulties cause an active market for the financial asset to disappear.
 - (C) The issuer delays or fails to make interest or principal payments.
 - (D) An adverse change in national or regional economic conditions relating to the default of the issuer.
- F. The Group assembles accounts receivable from customers according to the characteristics of the type of customers and uses a simplified approach to estimate expected credit losses based on an allowance matrix.
- G. The Group writes off the amount of financial assets that are not reasonably expected to be recoverable after recourse procedures, but the Group continues to pursue legal recourse procedures to preserve the creditor's rights. As of December 31, 2023 and 2022, the Group's written-off debts with ongoing recourse activities were \$0.

- H. The Group's allowance for losses on accounts receivable and notes receivable as of December 31, 2023 and 2022, after adjusting the loss rate established based on historical and current information for a specific period for future-looking considerations, is as follows:

	Not Overdue	1-30 Days Overdue	31-90 Days Overdue	91-180 Days Overdue	Total
<u>2023/12/31</u>					
Expected Loss Rate	0.03%	0.05%	0.13%	0.54%	
Total Book Value	\$436,074	\$ 41,633	\$ 969	\$ -	\$ 478,676
Allowance For Losses	\$ -	\$ -	\$ -	\$ -	\$ -
<u>2022/12/31</u>					
Expected Loss Rate	0.03%	0.03%	0.04%	0.05%	
Total Book Value	\$603,597	\$147,216	\$ 5,371	\$ 4,045	\$ 760,229
Allowance For Losses	\$ -	\$ -	\$ -	\$ -	\$ -

- I. The following is a summary of the changes in the Group's allowance for losses on other receivables under the general method:

	2023	2022
	Other Receivables Allowance Loss	Other Receivables Allowance Loss
January 1	\$ 38,257	\$ 38,257
Allowance Loss Reversal	(11,954)	-
December 31	<u>\$ 26,303</u>	<u>\$ 38,257</u>

After assessing the credit risk of the counterparties, the Group accrues the full amount of expected credit losses for the amounts that the counterparties are unable to perform their contractual obligations.

(3) Liquidity Risk

- A. Cash flow forecasts are performed by each operating entity within the Group and are compiled by the Group Finance Department. The Group Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient undrawn borrowing facilities at all times so that the Group does not breach the relevant borrowing limits or terms.

- B. Surplus cash held by each operating entity will be transferred back to the Group's Finance Department when it exceeds the amount required for operating capital management. The Group Finance Department invests the remaining funds in instruments of the appropriate maturity or sufficient liquidity such as time deposits, money market deposits, and marketable securities to meet the aforementioned forecasts and to provide a sufficient level of flexibility in cash flow management. As of December 31, 2023 and 2022, the Group held time deposits and bonds with repurchase agreements (recorded as "cash and cash equivalents" and "financial assets at amortized cost") totaling \$1,612,144 and \$1,195,347, respectively, which are expected to generate immediate cash flows to address liquidity risk.
- C. The undrawn borrowing facilities of the Group were \$500,000 and \$510,000 as of December 31, 2023 and 2022, respectively.
- D. The following table presents the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date; derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

2023/12/31	Less Than 3 Months	3 Months to 1 Year	1 Year to 2 Years	2 Years to 5 Years	More Than 5 Years
<u>Non-derivative</u>					
<u>Financial Assets:</u>					
Accounts Payable	\$573,537	\$ -	\$ -	\$ -	\$ -
Other Payables	223,335	-	-	-	-
Lease Liabilities	6,179	9,846	1,479	4,252	26,195
2022/12/31	Less Than 3 Months	3 Months to 1 Year	1 Year to 2 Years	2 Years to 5 Years	More Than 5 Years
<u>Non-derivative</u>					
<u>Financial Assets:</u>					
Accounts Payable	\$ 416,864	\$ -	\$ -	\$ -	\$ -
Other Payables	239,719	-	-	-	-
Lease Liabilities	7,017	19,759	12,979	3,417	27,334
Bonds Payable(Include within one year)	-	300,000	-	-	-

(3) Information on Fair Value

- The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

- Level 1: The quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise at the measurement date. An active market is a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investments in listed stocks are classified as such.
- Level 2: The fair value of directly or indirectly observable input values for assets or liabilities, other than those included in the quoted prices in Level 1, are classified as such.
- Level 3: Unobservable input value of an asset or liability. All the Group's investments in equity instruments in which have no active market are classified as such.
2. The carrying amounts of the Group's financial instruments that are not measured at fair value are a reasonable approximation of fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, refundable deposits, short-term loans, notes payable, accounts payable, other payables, lease liabilities, long-term loans (including portion due within one year or one business cycle), bonds payable, and deposits received.
3. Financial and non-financial instruments at fair value are classified by the Group based on the nature, characteristics, and risks of the assets and liabilities and the level of fair value, and the related information are as follows:
- (1) The Group classifies assets and liabilities according to their nature, and the related information is as follows:

2023/12/31	Level 1	Level 2	Level 3	Total
Assets				
<u>Repeatable</u>				
<u>Fair Value</u>				
Financial				
Assets at Fair				
Value Through				
Profit or Loss				
Equity				
Instruments	\$ 223,529	\$ -	\$ -	\$ 223,529
Financial				
Assets at Fair				
Value Through				
Other				
Comprehensive				
Income				
Equity				
Instruments	-	-	26,951	26,951
Total	<u>\$ 223,529</u>	<u>\$ -</u>	<u>\$ 26,951</u>	<u>\$ 250,480</u>

2022/12/31	Level 1	Level 2	Level 3	Total
Assets				
<u>Repeatability</u>				
<u>Fair Value</u>				
Financial				
Assets at Fair				
Value Through				
Profit or Loss				
Equity				
Instruments	\$ 91,254	\$ -	\$ -	\$ 91,254
Convertible				
Bond				
Redemption				
Right				
	-	-	30	30
Financial				
Assets at Fair				
Value Through				
Other				
Comprehensive				
Income				
Equity				
Instruments	-	-	30,253	30,253
Total	<u>\$ 91,254</u>	<u>\$ -</u>	<u>\$ 30,283</u>	<u>\$ 121,537</u>

(2) The methods and assumptions used by the Group to measure fair value are described below:

- A. The Group uses quoted market prices for fair value input values (i.e. Level 1), which are broken down by the characteristics of the instrument as follows:

	<u>Stock of Listed</u>
	<u>Companies on the</u>
	<u>TWSE (TPEX)</u>
Market Quotations	Closing Price

- B. Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained by valuation techniques or by reference to quoted prices from counterparties. Fair values obtained through valuation techniques may be calculated by reference to the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available on the consolidated balance sheet date (e.g., TPEX yield curves, Reuters average quoted commercial paper rates).

4. There was no transfer between Level 1 and Level 2 in 2023 and 2022.
5. The following table shows the changes in Level 3 for 2023 and 2022.

	2023	
	Equity Instruments	Redemption/Sale Rights of Convertible Bonds
January 1	\$ 30,253	(\$ 30)
Gain Recognized in Profit or Loss	-	30
Loss Recognized in Other Comprehensive Income	(2,128)	-
Capital Reduction by Refunding of Stock Payment	(1,174)	-
December 31	<u>\$ 26,951</u>	<u>\$ -</u>
Changes in Unrealized Gains or Losses Included in Profit or Loss on Assets and Liabilities Held at the End of the Period (Note)	<u>\$ -</u>	<u>\$ 30</u>

Note: Listed as Non-operating Income and Expenses

	2022	
	Equity Instruments	Redemption/Sale Rights of Convertible Bonds
January 1	\$ 38,700	\$ 1,440
Gain Recognized in Profit or Loss	-	(1,470)
Loss Recognized in Other Comprehensive Income	(7,988)	-
Capital Reduction by Refunding of Stock Payment	(459)	-
December 31	<u>\$ 30,253</u>	<u>(\$ 30)</u>
Changes in Unrealized Gains or Losses Included in Profit or Loss on Assets and Liabilities Held at the End of the Period (Note)	<u>\$ -</u>	<u>(\$ 1,470)</u>

Note: Listed as Non-operating Income and Expenses

6. Quantitative information regarding significant unobservable input values from valuation models used for Level 3 fair value measurements and sensitivity analysis of changes in significant unobservable input values are described below:

	Fair Value on December 31, 2023	Valuation Techniques	Significant Unobservable Input Values	Range (Weighted Average)	Input Values and Fair Value Relationship
Non-derivative Equity Instruments:					
Stock of Non-listed Companies	\$ 26,951	Net Asset Value Method	Not Applicable	-	Not Applicable
	Fair Value on December 31, 2022	Valuation Techniques	Significant Unobservable Input Values	Range (Weighted Average)	Input Values and Fair Value Relationship
Non-derivative Equity Instruments:					
Stock of Non-listed Companies	\$ 30,253	Net Asset Value Method	Not Applicable	-	Not Applicable
Non-derivative Debt Instruments:					
Convertible Bonds	30	Binary Free Valuation Model	Volatility	48.12%	The higher the stock price volatility, the higher the fair value.

7. The Group has carefully evaluated the valuation models and valuation parameters selected by the Group, but when different valuation models or valuation parameters are used, the results of the valuation may differ. For financial assets and financial liabilities classified as Level 3, the effect on profit or loss or other comprehensive income if the valuation parameters are changed, there will be no significant impact.

13. Additional Disclosures

(1) Information on Material Transactions

1. Loaning of Funds to Others: Please refer to Note 1.
2. Guarantees and Endorsements for Others: None.
3. Marketable Securities Held at the End of the Period (excluding investments in subsidiaries, affiliates, and joint ventures): Please refer to Exhibit 2.
4. Accumulated Purchases or Sales of the Same Marketable Securities Amounting to at Least NT\$300 Million or 20% of the Paid-in Capital: None.
5. Acquisition of Real Estate Amounting to at Least NT\$300 Million or 20% of the Paid-in Capital: None.

6. Disposal of Real Estate Amounting to at Least NT\$300 Million or 20% of the Paid-in Capital: None.
7. Purchase From or Sale to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: Please refer to Exhibit 3.
8. Receivables From Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: Please refer to Exhibit 4.
9. Derivative Financial Instrument Transactions: Please refer to Notes 6(2), 6(11) and 6(12) for details.
10. Business Relationships and Significant Intercompany Transactions Between the Parent Company and its Subsidiaries and Between Subsidiaries: Please refer to Exhibit 5.

(2) Information on Investees

Names and Locations of Investees (excluding those in Mainland China): Please refer to Exhibit 6.

(3) Information on Investments in Mainland China

1. Please refer to Exhibit 7 for more information on investees in Mainland China.
2. Material Transactions Between the Company and its Investees in Mainland China: (expressed as the un-eliminated amount of purchase and sale transactions with the investees in Mainland China)

(1) Purchases:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Net Purchases
Browave (ZhongShan) Corporation	\$ 2,027,296	67%

The Company directly purchases goods from Browave (ZhongShan) Corporation. The purchase price is based on the cost of materials plus the related processing cost, and the payment terms are 30 days after the monthly cut-off day.

(2) Sales:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Net Sales
Browave (ZhongShan) Corporation	\$ 900,928	33%

The selling price of the Company's sales to Browave (ZhongShan) Corporation is based on cost and the collection terms are 60 days after the monthly cut-off day.

(3) Accounts Receivable:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Accounts Receivable
Browave (ZhongShan) Corporation	\$ 83,840	15%

(4) Other Receivables

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Other Receivables
Browave (ZhongShan) Corporation	\$ 1,678	45%

(5) Accounts Payable:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Accounts Payable
Browave (ZhongShan) Corporation	\$ 258,959	38%

(6) Advance Receipts:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Other Receivables
Browave (ZhongShan) Corporation	\$ 26,842	100%

(7) Property Transactions:

As of December 31, 2023, the unrealized gain on disposal of fixed assets among affiliates was \$383.

Investee in Mainland China	2023		
	Counterparty	Disposal price	Gain or Loss on Disposal
Browave (ZhongShan) Corporation	Mechanical Equipment	\$ 474	\$ -

(8) Endorsement and Guarantee With Notes and Provision of Collateral: None.

(9) Financial Accommodations: None.

(10) Other Transactions That Have a Significant Impact on Profit or Loss for the Period or Financial Position: None.

(4) Information on Major Shareholders

Information on the Names, Amounts, and Percentage of Shareholders Holding More Than 5% of the Issuer's Equity: None.

14. Information on Operating Segments

(1) General Information

The Group operates in a single industry and the Group evaluates performance and allocates resources on a Group-wide basis and has been identified as a single reportable segment.

(2) Information on Segments

The Group's operating decision makers assess the performance of the operating segments based on the financial statements.

(3) Information on Segment Profit or Loss, Assets, and Liabilities

External revenue reported to the chief operating decision maker is measured in a manner consistent with revenue in the income statement.

Information on reportable segments provided to the chief operating decision maker for 2023 and 2022 was as follows:

	2023/12/31	2022/12/31
External Revenue	\$ 2,779,058	\$ 3,210,572
Intersegment Revenue	\$ -	\$ -
Segment Profit or Loss	\$ 525,657	\$ 586,641
Segment Assets	\$ 3,562,900	\$ 3,368,252
Segment Liabilities	\$ 945,004	\$ 1,157,937

(4) Information on Reconciliation of Segment Profit or Loss, Assets, and Liabilities

1. The reportable segment profit or loss reviewed by the chief operating decision maker is the same as the profit or loss from continuing operations and is not subject to reconciliation.
2. The total assets and liabilities provided to the chief operating decision maker are measured in a manner consistent with the assets and liabilities in the financial statements of the Company.

(5) Information on Products and Services

Revenue from external customers is mainly from optical fiber communication component modules.

The breakdown of revenue is as follows:

	2023	2022
Optical Fiber Communication Component Modules	\$ 2,779,058	\$ 3,210,572

(6) Information on Regions

Information on regions for the Group for 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-current Assets	Revenue	Non-current Assets
Israel	\$ 995,321	\$ -	\$ 226	\$ -
United States	936,037	-	1,819,255	-
Thailand	329,195	-	510,404	-
Japan	42,683	-	95,435	-
Mainland China	86,444	172,749	137,502	251,229
Taiwan	4,998	139,637	7,078	153,984
Philippines	-	125,571	-	33,739
Others	384,380	-	640,672	-
Total	<u>\$ 2,779,058</u>	<u>\$ 437,957</u>	<u>\$ 3,210,572</u>	<u>\$ 438,952</u>

(7) Information on Important Customers

Information on important customers of the Group for 2023 and 2022 is as follows:

	2023			2022	
	Revenue	Segment		Revenue	Segment
Customer J	\$995,321	The Whole Company	Customer C	\$1,227,046	The Whole Company
Customer C	598,162	The Whole Company	Customer D	508,393	The Whole Company
Customer F	325,774	The Whole Company			

Exhibit 1

Browave Corporation and Subsidiaries
Loaning of Funds to Others
January 1 to December 31, 2023

January 1 to December 31, 2023													Unit: In thousands of NTD (Except as otherwise indicated)				
Number	Company That Loans Funds to Others	Loan Recipient	Business Dealings	Related Party or Not	Maximum Amount For the Period	Balance at the End of the Period	Actual Amount Drawn	Interest Rate Range	Nature of Funds Loaning (Note 1)	Amount of Business Dealings	Reasons For the Necessity of Short-term Financial Accommodation	Provision of Allowance For Doubtful Accounts	Collateral		Limit of Funds Loaning For an Individual Party (Note 2)	Limit of Funds Loaning For Total Amount (Note 2)	Remarks
													Name	Price			
0	Browave Corporation	Browave (Philippines) Corporation	Other Receivables	Yes	\$64,850	\$61,410	\$ -	6%	2	\$ -	For Short-term Operating Capital Turnover	\$ -	None	\$ -	\$261,790	\$523,579	
1	Browave Holding Inc.	Browave (Philippines) Corporation	Other Receivables	Yes	\$93,765	\$92,115	\$92,115	0%	2	\$ -	For Short-term Operating Capital Turnover	\$ -	None	\$ -	\$364,042	\$364,042	

Note 1: Fill in the nature of the funds loaning as follows:

- (1). For those with which the Company has business dealings, enter 1.
- (2). For those who have the necessity of short-term financial accommodation, enter 2.

Note 2: Limits of funds loaning for total amount and for an individual party:

1.Browave Corporation

- (1). If short-term financial accommodation is necessary, the total funds loaning shall not exceed 20% of the Company's net worth, and the amount of individual funds loaning shall not exceed 10% of the Company's net worth.
- (2). If the Company engages in the loaning of funds for business dealings, the total funds loaning shall not exceed 10% of the Company's net worth, and the amount of individual funds loaning shall not exceed the amount of business dealings between the two parties.
The amount of business dealings refers to the higher of the amount of purchases or sales made between the Company and the other party in a year or in the current year up to the time the funds are loaned to the other party.
- (3). The loaning of funds between the foreign companies of which the Company directly and indirectly holds 100% of the voting shares shall not exceed 20% of the Company's net worth.

2.Browave Holding Inc

- (1). If short-term financial accommodation is necessary, the total funds loaning shall not exceed 40% of the Company's net worth, and the amount of individual funds loaning shall not exceed 40% of the Company's net worth.
- (2). If the Company engages in the loaning of funds for business dealings, the total funds loaning shall not exceed 10% of the Company's net worth, and the amount of individual funds loaning shall not exceed the amount of business dealings between the two parties.
The amount of business dealings refers to the higher of the amount of purchases or sales made between the Company and the other party the twelve months prior the funds are loaned to the other party.
- (3). The loaning of funds between the foreign companies of which the Company directly and indirectly holds 100% of the voting shares shall not exceed 100% of the Company's net worth.

Browave Corporation and Subsidiaries
Marketable Securities Held at the End of the Period (excluding investments in subsidiaries, affiliates, and joint ventures)
December 31, 2023

Exhibit 2

Unit: In thousands of NTD
(Except as otherwise indicated)

Companies Held	Type and Name of Marketable Securities	Relationship With Issuer of Marketable Securities	General Ledger Account in the Book	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Percentage	Information on Fair Value	
Browave Corporation	Stock: FOCI Fiber Optic Communications, Inc.	None	Financial Assets at Fair Value Through Profit or Loss	3,225,526	\$ 223,529	3.27	\$ 223,529	
Browave Corporation	Fund: JAFCO ASIA TECHNOLOGY FUND VIL.P.	None	Financial Assets at Fair Value Through Other Comprehensive Income	-	3,659	0.67	3,659	
Browave Corporation	Stock: Darjun Venture Corporation	None	Financial Assets at Fair Value Through Other Comprehensive Income	2,273,600	23,292	4.80	23,292	

Browave Corporation and Subsidiaries
Purchase From or Sale to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
January 1 to December 31, 2023

Exhibit 3

Unit: In thousands of NTD
(Except as otherwise indicated)

Purchase (Sale) Company	Name of Counterparty	Relationship	Circumstances of the Transaction				Circumstances and Reasons Why the Trading Terms are Different From Those of Ordinary Transactions		Notes and Accounts Receivable (Payable)		Remarks
			Purchase (Sale) Amount	Amount	As a Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	As a Percentage of Total Notes and Accounts Receivable (Payable)	
Browave Corporation	Browave (ZhongShan) Corporation	Subsidiaries 100% Indirectly Owned by the Company	Purchases	\$1,126,368	37.84%	30 Days After the Monthly Cut-off Day	Note 1	Note 1	(\$ 293,148)	(42%)	Accounts Payable - Related Parties

Note 1: The Group appoints Browave (ZhongShan) Corporation to assemble and process the optical fiber passive components. The trading terms of outsourced processing by related parties are not comparable because no general customers are engaged in the same transactions. The payment terms are 30 days after the monthly cut-off day upon reconciliation, and the payment terms for general vendors are 30 to 90 days after the monthly cut-off day.

Browave Corporation and Subsidiaries
Receivables From Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
December 31, 2023

Exhibit 4

Unit: In thousands of NTD
(Except as otherwise indicated)

Companies That Listed the Transactions as Accounts Receivable	Name of Counterparty	Relationship	Balance of Receivables From Related Parties	Turnover Rate	Overdue Receivables From Related Parties		Receivables From Related Parties Collected in the Subsequent Period	Provision of Allowance For Doubtful Accounts
					Amount	Handling Method		
Browave (ZhongShan) Corporation	Browave Corporation	Subsidiaries 100% Indirectly Owned by the Company	\$293,148	3.71	\$ -	-	\$100,460	\$ -

Browave Corporation and Subsidiaries
Business Relationships and Significant Intercompany Transactions Between the Parent Company and its Subsidiaries and Between Subsidiaries
January 1 to December 31, 2023

Exhibit 5

Unit: In thousands of NTD
(Except as otherwise indicated)

Number(Note 2)	Name of Trader	Trading Counterparty	Relationship With the Trader (Note 2)	Circumstances of the Transaction and Dealing			As a Percentage of Consolidated Total Revenue or Total Assets (Note 3)
				General Ledger Account	Amount	Trading Terms	
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Purchases:	\$ 1,126,368	Subject to General Trading Terms	40.53%
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Accounts Payable	293,148	Subject to General Trading Terms	8.23%
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Advance Receipts	26,842	Subject to General Trading Terms	0.75%
0	Browave Corporation	Browave (Philippines) Corporation	1	Purchases:	36,972	Subject to General Trading Terms	1.33%
0	Browave Corporation	Browave (Philippines) Corporation	1	Accounts Payable	19,524	Subject to General Trading Terms	0.55%

Note 1: Information on business dealings between the parent company and subsidiaries should be indicated in the number column respectively, and the number should be filled in as follows:

- (1). Fill in 0 for parent company.
- (2). Subsidiaries are numbered sequentially from Arabic numeral 1 by company.

Note 2: The relationship with the traders is classified into three types as follows (the same transaction between the parent and a subsidiary or between subsidiaries is not required to be disclosed repeatedly. For example, if the parent company discloses a transaction with a subsidiary, the subsidiary is not required to disclose the transaction repeatedly; if a subsidiary discloses a transaction with a subsidiary, the other subsidiary is not required to disclose the transaction repeatedly.).

- (1). Parent Company to Subsidiary
- (2). Subsidiary to Parent Company
- (3). Subsidiary to Subsidiary.

Note 3: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenue in the case of profit or loss.

Browave Corporation and Subsidiaries
Names and Locations of Investees (Excluding Those in Mainland China)
January 1 to December 31, 2023

Exhibit 6

Unit: In thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main Businesses	Original Investment Amount		Holding at the End of the Period			Profit or Loss of the Investee For the Period	Investment Income or Loss Recognized in the Period	Remarks
				End of the Period	End of Last Year	Number of Shares	Percentage	Carrying Amount			
Browave Corporation	Browave Holding Inc,	British Virgin Islands	Investment	\$ 677,760	\$ 677,760	20,360,000	100	\$ 910,105	(\$ 9,209)	(\$ 9,209)	
Browave Corporation	Browave (Philippines) Corporation.	Philippines	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	164,395	54,509	300,000,000	100	89,823	(73,715)	(73,715)	

Browave Corporation and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1 to December 31, 2023

Exhibit 7

Unit: In thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main Businesses	Paid-in Capital	Investment Method(Note 1)	Accumulated Investment Amount Remitted From Taiwan at the Beginning of the Period	Remitted or Recovered Investment Amount in the Period		Accumulated Investment Amount Remitted From Taiwan at the End of the Period	Profit or Loss of the Investee For the Period	Shareholding Percentage of the Company's Direct or Indirect Investment	Investment Income or Loss Recognized in the Period (Note 2)	Carrying Amount of Investments at the End of the Period	Investment Income Remitted as of the End of the Period	Remarks
					Outward Remittance	Recovery							
Browave (ZhongShan) Corporation.	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	\$ 795,439	2	\$ 795,439	\$ -	\$ -	\$ 795,439	(\$ 11,279)	100	(\$ 11,279)	\$ 693,326	\$ -	
Company Name	Accumulated Investment Amount From Taiwan to Mainland China at the End of the Period	Investment Commission, Ministry of Economic Affairs Approved Investment Amount	Limit of Investments in Mainland China Imposed by the Investment Commission, Ministry of Economic Affairs (Note 3)										
Browave Corporation	\$ 795,439	\$ 795,439	\$ 1,570,738										

- Note 1: The investment methods can be divided into the following three types, and just indicate as such:
 (1). Invest in Mainland China directly.
 (2). Invest in Mainland China through a company in third regions (Browave Holding INC.).
 (3). Other method.
- Note 2: The financial statements audited and attested by the attesting CPAs of the parent company in Taiwan.
- Note 3: The limit of investment in accordance with the provisions of the letter (2001) Tai-Cai-Zheng (I) No. 006130 by the Investment Commission.

Attachment 2

Browave Corporation
Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

(Stock Code 3163)

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No.23002639

To the Board of Directors and Shareholders of Browave Corporation:

Audit Opinions

We have audited the accompanying parent company only financial statements of Browave Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the company as of December 31, 2023 and 2022, and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Audit Opinions

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and generally accepted auditing standards of the R.O.C. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the Consolidated Financial Statements. We are independent of the Browave Corporation and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 audits of the 2023 parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters for the Company's parent company only financial statements

for the year ended December 31,2023 is stated as following:

Inventory Valuation

Description of the Matter

Please refer to Note 4 (12) to the parent company only financial statements for the accounting policy on inventory valuation, Note 5 (2) to the parent company only financial statements for the accounting estimates and uncertainties in assumptions on inventory valuation, and Note 6 (6) to the parent company only financial statements for the description of inventory items.

Due to the rapid changes in technology and the fierce competition in the market, the risk of loss on decline in value or obsolescence of Browave's inventory is high.

Because the net realizable value used by the Company in valuing its inventory is often subjective and therefore subject to uncertainty in estimation, we consider the valuation of the Company's inventory to be one of the most important matters for this year's audits, considering the significant effect of the Company's inventory valuation on the financial statements.

Corresponding Audit Procedures

The corresponding procedures we performed for inventory valuation are set forth as below:

- We evaluated the reasonableness of the policies and procedures used to recognize the allowance for losses on inventory based on our understanding of the nature of the Company's operations and industries, including the historical information used to determine the net realizable value.
- Tested the correctness of the calculations related to the net realizable value of inventory as evaluated by the management.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only

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 Company's internal control.
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 Company's ability 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only financial statements. We are responsible for the direction, supervision and performance of the parent company 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 those matters that were of most significance in the audit of the parent company only 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 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.

PwC Taiwan

Liu Chien-Yu

CPA

Hsieh Chih-Cheng

Financial Supervisory Commission

Approval Document: Jin-Guan-Zheng-Shen-Zi

No.1090350620

Former Executive Yuan Commission, Ministry of Finance

Approval Document: Jin-Guan-Zheng-Shen-Zi

No.0990042599

February 29,2024

Browave Corporation
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022

Unit: In thousands of NTD

Assets		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current Assets						
1100	Cash and Cash Equivalents	6(1)	\$ 510,405	14	\$ 679,748	21
1110	Financial Assets at Fair Value Through Profit or Loss - Current	6(2)	223,529	6	91,284	3
1136	Financial Assets at Amortized Cost - Current	6(4)	1,094,158	31	421,014	13
1170	Accounts Receivable, Net	6(5)	460,049	13	758,051	23
1200	Other Receivables	12(2)	1,359	-	2,058	-
1210	Other receivables from related parties	7	1,678	-	63	-
130X	Inventories	6(6)	121,945	3	118,336	3
1410	Prepayments		4,832	-	25,390	1
11XX	Total Current Assets		2,417,955	67	2,095,944	64
Non-current Assets						
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	6(3)	26,951	1	30,253	1
1550	Investments Accounted for Using Equity Method	6(7)	999,928	28	981,565	30
1600	Property, Plants, and Equipment	6(8) and 8	106,000	3	114,594	4
1755	Right-of-Use Assets	6(9)	27,973	1	30,932	1
1780	Intangible Assets		2,054	-	4,144	-
1840	Deferred Income Tax Assets	6(26)	7,458	-	12,626	-
1900	Other Non-current Assets	6(10) and 8	5,290	-	6,681	-
15XX	Total Non-current Assets		1,175,654	33	1,180,795	36
1XXX	Total Assets		\$ 3,593,609	100	\$ 3,276,739	100

(Continued on next page)

Browave Corporation
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022

Unit: In thousands of NTD

Liabilities and Equity			Note	December 31, 2023		December 31, 2022	
				Amount	%	Amount	%
Current Liabilities							
2130	Contract Liabilities - Current	6(19)	2,401	-	4,522	-	
2170	Accounts Payable		378,843	11	115,646	4	
2180	Accounts payable to related parties	7	312,672	9	314,568	10	
2200	Other Payables	6(13)	126,978	3	141,431	4	
2230	Current Income Tax Liabilities		76,871	2	107,542	3	
2280	Lease Liabilities - Current	6(9)	1,865	-	2,854	-	
2320	Long-term liabilities within one year or one business cycle	6(12)	-	-	295,674	9	
2399	Other Current Liabilities	7	27,817	1	36,183	1	
21XX	Total Current Liabilities		927,447	26	1,018,420	31	
Non-current Liabilities							
2570	Deferred Income Tax Liabilities	6(26)	21,495	-	19,368	1	
2580	Lease Liabilities - Non-current	6(9)	26,771	1	28,636	1	
25XX	Total Non-current Liabilities		48,266	1	48,004	2	
2XXX	Total Liabilities		975,713	27	1,066,424	33	
Equity							
	Stock Capital	6(15)					
3110	Common Stock Capital		805,407	23	752,869	23	
	Capital Surplus	6(16)					
3200	Capital Surplus		601,382	16	354,950	11	
	Retained Earnings	6(17)					
3310	Legal Reserve		217,479	6	172,321	5	
3320	Special Reserve		61,813	2	81,589	2	
3350	Unappropriated Earnings		1,004,593	28	910,398	28	
	Other Equity	6(18)					
3400	Other Equity		(72,778)	(2)	(61,812)	(2)	
3XXX	Total Equity		2,617,896	73	2,210,315	67	
3X2X	Total Liabilities and Equity		\$ 3,593,609	100	\$ 3,276,739	100	

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

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD
(Except for earnings per share, which are in NTD.)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating Revenue	6(19) and 7	\$2,763,374	100	\$3,192,619	100
5000 Operating Costs	6(6)(24)(25) and 7	(2,195,568)	(79)	(2,483,680)	(78)
5900 Operating Gross Profits		567,806	21	708,939	22
Operating Expenses	6(24)(25)				
6100 Selling Expenses		(56,535)	(2)	(61,060)	(2)
6200 Administrative Expenses		(94,246)	(3)	(95,711)	(3)
6300 R&D Expenses		(97,642)	(4)	(107,566)	(3)
6000 Total Operating Expenses		(248,423)	(9)	(264,337)	(8)
6900 Operating Income		319,383	12	444,602	14
Non-operating Income and Expenses					
7100 Interest Income	6(20) and 7	49,150	2	14,098	1
7010 Other Income	6(21) and 7 and 12(2)	24,087	1	13,324	-
7020 Other Gains and Losses	6(22) and 7	212,423	7	87,267	3
7050 Financial Costs	6(23)	(3,638)	-	(5,926)	-
7070 Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	(82,924)	(3)	8,210	-
7000 Total Non-operating Income and Expenses		199,098	7	116,973	4
7900 Income Before Income Tax		518,481	19	561,575	18
7950 Income Tax Expenses	6(26)	(82,699)	(3)	(109,992)	(4)
8200 Net Profit for the Net Income		<u>\$ 435,782</u>	<u>16</u>	<u>\$ 451,583</u>	<u>14</u>
Items That Are Not Reclassified to Profit or Loss					
8316 Unrealized Valuation Gains or Losses on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	6(3)	(\$ 2,128)	-	(\$ 7,988)	-
8310 Total Amount of Items That Are Not Reclassified to Profit or Loss		(2,128)	-	(7,988)	-
Items That May be Reclassified Subsequently to Profit or Loss					
8361 Exchange Differences on Translation of Financial Statements of Foreign Operations	6(18)	(8,838)	(1)	13,381	-
8300 Other Comprehensive Income (Net)		<u>(\$ 10,966)</u>	<u>(1)</u>	<u>\$ 5,393</u>	<u>-</u>
8500 Total Other Comprehensive Income for the Year		<u>\$ 424,816</u>	<u>15</u>	<u>\$ 456,976</u>	<u>14</u>
9750 Basic Earnings Per Share	6(27)	\$ 5.63		\$ 6.00	
9850 Diluted Earnings Per Share	6(27)	\$ 5.41		\$ 5.61	

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

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

		Equity Attributable to Owners of the Parent Company						
		Retained Earnings				Other Equity		
Note	Common Stock Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
2022								
Balance as of January 1, 2022	\$ 752,869	\$ 354,950	\$ 162,226	\$ 62,458	\$ 563,328	(\$ 93,799)	\$ 12,211	\$ 1,814,243
Net Income in 2022	-	-	-	-	451,583	-	-	451,583
Other Comprehensive Income in 2022	6(3)(18)	-	-	-	-	13,381	(7,988)	5,393
Total Other Comprehensive Income for theYear	-	-	-	-	451,583	13,381	(7,988)	456,976
Appropriation and Distribution of 2021 Earnings	6(17)							
Provision of Legal Reserve	-	-	10,095	-	(10,095)	-	-	-
Provision of Special Reserve	-	-	-	19,131	(19,131)	-	-	-
Cash Dividends	-	-	-	-	(75,287)	-	-	(75,287)
Disposal of Equity Instruments at Fair Value Through Other Comprehensive Income by Subsidiaries	6(18)	-	-	-	-	14,383	-	14,383
Balance as of December 31, 2022	\$ 752,869	\$ 354,950	\$ 172,321	\$ 81,589	\$ 910,398	(\$ 66,035)	\$ 4,223	\$ 2,210,315
2023								
Balance as of January 1, 2023	\$ 752,869	\$ 354,950	\$ 172,321	\$ 81,589	\$ 910,398	(\$ 66,035)	\$ 4,223	\$ 2,210,315
Net Income in 2023	-	-	-	-	435,782	-	-	435,782
Other Comprehensive Incomein 2023	6(3)(18)	-	-	-	-	(8,838)	(2,128)	(10,966)
Total Other Comprehensive IncomeYear	-	-	-	-	435,782	(8,838)	(2,128)	424,816
Appropriation and Distribution of 2022 Earnings	6(17)							
Provision of Legal Reserve	-	-	45,158	-	(45,158)	-	-	-
Reversal of Special Reserve	-	-	-	(19,776)	19,776	-	-	-
Cash Dividends	-	-	-	-	(316,205)	-	-	(316,205)
Convertible bond conversion	6(15)(16)	52,538	246,432	-	-	-	-	298,970
Balance as of December 31, 2023	\$ 805,407	\$ 601,382	\$ 217,479	\$ 61,813	\$ 1,004,593	(\$ 74,873)	\$ 2,095	\$ 2,617,896

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

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash Flows from Operating Activities</u>			
Income Before Income Tax		\$ 518,481	\$ 561,575
Adjustments			
Income and Expense Items			
Depreciation Expenses	6(8)(9)(24)	25,917	34,089
Amortization Expenses	6(24)	2,208	3,653
Loss (Gain) on Valuation of Financial Assets (Liabilities) at Fair Value Through Profit or Loss	6(2)(11)(22)		
		(192,545)	41,544
Loss on Disposal of Investments Accounted for Using Equity Method	6(22)	-	(7,394)
Interest Income	6(20)	(49,150)	(14,098)
Interest Expenses	6(23)	3,638	5,926
Dividend Income	6(21)	(3,554)	(8,861)
Loss (Gain) on Disposal of Property, Plants, and Equipment	6(22)	(294)	1,372
Other Income		(11,954)	-
Share of Losses of Affiliated Enterprises and Joint Ventures Recognized Under the Equity Method		82,924	(8,210)
Changes in Assets/Liabilities Related to Operating Activities			
Net Changes in Assets Related to Operating Activities			
Accounts Receivable		298,002	(175,920)
Other Receivables		13,110	1,265
Other receivables due from related parties-others		(1,615)	370
Inventories		(3,609)	5,412
Prepayments		20,558	(17,043)
Net Changes in Liabilities Related to Operating Activities			
Contract Liabilities		(2,121)	(3,907)
Accounts Payable		263,197	(33,355)
Accounts payable to related parties		(1,896)	(30,928)
Other Payables		(16,587)	77,972
Other Current Liabilities		(8,367)	(1,349)
Cash Inflows From Operations		936,433	432,113
Interest Received		48,695	14,540
Dividends Received		3,554	8,861
Interest Paid		(342)	(411)
Income Tax Paid		(106,075)	(12,606)
Net Cash Inflows (Outflows) From Operating Activities		882,175	442,497

(Continued on next page)

Browave Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash Flows From Investing Activities</u>			
Return of capital reduction from financial assets measured at fair value through other comprehensive income	12(3)	\$ 1,174	\$ 459
Acquisition of Financial Assets at Amortized Cost	6(4)	(1,094,158)	(421,014)
Acquisition of Current financial assets at fair value through profit or loss		(13,492)	-
Disposal of Financial Assets at Amortized Cost		421,014	53,680
Disposal of Current financial assets at fair value through profit or loss		73,792	-
Acquisition of Investments Accounted for Using Equity Method	6(7)	(109,887)	(54,509)
Disposal of Investments Accounted for Using Equity Method	6(7) and 7	-	67,086
Acquisition of Property, Plants, and Equipment	6(28)	(11,393)	(11,682)
Proceeds From Disposal of Property, Plants, and Equipment		544	1,826
Acquisition of Intangible Assets		(118)	(929)
Decrease in other receivables due from related parties		-	30,488
(Increase)Decrease in Refundable Deposits		65	(66)
Net Cash Inflows (Outflows) From Investing Activities		(732,459)	(334,701)
<u>Cash Flows From Financing Activities</u>			
Principal Repayment of Lease Liabilities	6(29)	(2,854)	(2,827)
Cash Dividends	6(17)	(316,205)	(75,287)
Net Cash Inflows (Outflows) From Financing Activities		(319,059)	(78,114)
Net Increase in Cash and Cash Equivalents		(169,343)	29,682
Cash and Cash Equivalents at the Beginning of the Year	6(1)	679,748	650,066
Cash and Cash Equivalents at the End of the Year	6(1)	\$ 510,405	\$ 679,748

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

Chairperson: Cheng Wann-Lai

Managerial Officer: Hwang Yu-Wen

Accounting Officer: Huang Shu-Jun

Browave Corporation
Notes to Parent Company only Financial Statements
2023 and 2022

Unit: In thousands of NTD
(Except as otherwise indicated)

1. Company History and Business Scope

Browave Corporation (hereinafter referred to as “the Company”) was established on May 18, 1998 and started its business on November 1, 1998. The Company is mainly engaged in the design, production, and sales of optical fiber communication components. The Company's shares have been listed and traded on the Taipei Exchange since December 2012.

2. Date and Procedures for Approval of Financial Statements

The accompanying parent company only financial statements were approved and issued by the Board of Directors on February 29, 2024.

3. Application of New and Revised International Financial Reporting Standards

- (1) The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs endorsed by the FSC for application in 2023.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules	May 23, 2023

The Company has assessed that the above standards and interpretations do not have a material impact on the Company financial position and financial performance.

- (2) Effect of not adopting the newly issued and revised IFRSs endorsed by the FSC.

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs endorsed by the FSC for application in 2023.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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

The Company has assessed that the above standards and interpretations do not have a material impact on the Company's financial position and financial performance.

(3) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC.

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs issued by the IASB that have not been endorsed by the FSC.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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

The Company has assessed that the above standards and interpretations do not have a material impact on the Company's financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are described below: Unless otherwise stated, these policies have been applied consistently throughout the reporting period.

(1) Compliance Statement

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2) Basis of Preparation

1. The accompanying parent company only financial statements have been prepared on the historical cost basis, except for the following significant items:
 - (1) Financial assets and liabilities at fair value through profit or loss (including derivative instruments).
 - (2) Financial assets at fair value through other comprehensive income.

2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and management's judgment in the process of applying the Company's accounting policies. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the parent company Financial Statements are described in Note 5.

(3) Foreign Currency Translation

The parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the financial statements are measured using that functional currency.

1. Foreign Currency Transactions and Balances

- (1) Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction, and the resulting translation differences are recognized in profit or loss.
- (2) Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
- (3) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period. For those measured at fair value through other comprehensive income, the adjustments are made at the spot exchange rates on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income. For those not measured at fair value, they are measured at the historical exchange rate on the date of initial transaction.
- (4) All other exchange gains and losses are reported in "Other Gains and Losses" in the income statement.

2. Translation of Foreign Operations

- (1) The results of operations and financial position of all Group entities, affiliates, and joint ventures with a functional currency different from the presentation currency are translated into the presentation currency in the following manner:
 - A. Assets and liabilities expressed in each balance sheet are translated at the closing rate on the balance sheet date;
 - B. The income and expenses expressed in each statement of comprehensive income are translated at the average exchange rate for the period; and
 - C. All exchange differences arising from translation are recognized in other comprehensive income.

- (2) When a foreign operation partially disposed of or sold is an affiliate or a joint venture, the exchange differences under other comprehensive income are reclassified proportionately to profit or loss for the period as part of the gain or loss on disposal. However, when the Group loses significant influence over a foreign operation that is an affiliate or loses joint control over a foreign operation that is a joint venture even though the Group retains a portion of the interest in the former affiliate or joint venture, the disposal is treated as a disposal of the entire interest in the foreign operation.
- (3) When a foreign operation partially disposed of or sold is a subsidiary, the cumulative translation differences recognized in other comprehensive income are re-attributed to the non-controlling interests in the foreign operation on a pro rata basis. However, when the Company loses control over a foreign operation that is a subsidiary even though the Company retains a portion of the interest in the former subsidiary, the disposal is treated as a disposal of the entire interest in the foreign operation.
- (4) Classification Criteria of Assets and Liabilities into Current and Non-current
 1. An asset is classified as current if it meets one of the following criteria:
 - (1) The asset is expected to be realized in the normal operating cycle or is intended to be sold or consumed.
 - (2) The asset is held primarily for trading purposes.
 - (3) The asset is expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents, except for those restricted for exchange or settlement of liabilities at least twelve months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as non-current.
 2. A liability is classified as current if it meets one of the following criteria:
 - (1) The liability is expected to be settled in the normal operating cycle.
 - (2) The asset is held primarily for trading purposes.
 - (3) The liability is expected to be due and settled within 12 months after the balance sheet date.
 - (4) The liability whose settlement due date cannot be unconditionally extended to at least 12 months after the balance sheet date. The fact that the terms of the liabilities may allow settlement by issuing equity instruments at the option of the trading partners does not affect the classification.

The Company classifies all liabilities that do not meet the above criteria as non-current.
- (5) Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments for operating purposes are classified as cash equivalents.

(6) Financial Assets at Fair Value Through Profit or Loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Company uses trade date accounting for financial assets at fair value through profit or loss that qualify as customary transactions.
3. The Company measures financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the gain or loss recognized in profit or loss.
4. The Company recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in, and the amount of dividends can be measured reliably.

(7) Financial Assets at Fair Value Through Other Comprehensive Income

1. Investments in equity instruments that are not held for trading and for which an irrevocable election is made at the time of initial recognition to report the change in fair value in other comprehensive income; or investments in debt instruments that also meet the following criteria:
 - (1) The financial asset is held under a business model whose objective is to collect the contractual cash flows and sell it.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying the principal and interest on the outstanding principal amount.
2. The Company uses trade date accounting for financial assets at fair value through other comprehensive income in accordance with trading practices.
3. The Company measures the financial asset at fair value plus transaction costs on initial recognition and subsequently at fair value.

Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss and is reclassified to retained earnings. The Company recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in, and the amount of dividends can be measured reliably.

(8) Financial Assets at Amortized Cost

1. Those meet the following criteria at the same time:
 - (1) The financial asset is held under a business model whose objective is to collect the contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying the principal and interest on the outstanding principal amount.
2. The Company uses trade date accounting for financial assets at amortized cost in accordance with trading practices.

3. The Company recognizes the financial asset at fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment loss over the circulation period using the effective interest method under the amortization procedure, and recognizes its gain or loss in profit or loss upon derecognition.
4. The Company holds time deposits that do not qualify as cash equivalents. Because of the short holding period, the effect of discounting is not significant and they are measured at the amount invested.

(9) Accounts and Notes Receivable

1. Accounts and notes receivable represent the unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable without interest are measured at the original invoice amount because the effect of discounting is not significant.

(10) Impairment of Financial Assets

On each balance sheet date, for investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost, the Company measures the allowance for losses at the expected credit loss over 12 months, taking all reasonable and corroborable information into account, including forward-looking information and for those whose credit risk has not increased significantly since initial recognition, the allowance for losses is measured at the expected credit loss amount over 12 months. For those with significant increases in credit risk since initial recognition, an allowance for losses is measured at the amount of expected credit losses over the period. For accounts receivable or contract assets that do not contain significant financial components, the allowance for losses is measured at the amount of the expected credit loss over the period.

(11) Derecognition of Financial Assets

Financial assets are derecognized when the Company's contractual rights to receive cash flows from the financial assets lapse.

(12) Inventories

Inventories are measured at the lower of cost or net realizable value and are calculated at standard cost. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and related variable selling expenses.

(13) Investments Accounted for Using Equity Method – Subsidiaries and Affiliates

1. Subsidiaries refer to entities (including structured entities) controlled by the reporting company, when the reporting company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. The unrealized gains and losses generated from transactions between the reporting company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with those of the reporting company.

3. The gains and losses attributable to the equity interests acquired in the subsidiary by the reporting company are recognized as current period gains or losses, and other comprehensive income attributable to the equity interests acquired in the subsidiary is recognized as other comprehensive income. If the losses recognized by the reporting company for the equity interests acquired in the subsidiary are equal to or greater than the equity interests in the subsidiary, the reporting company continues to recognize the losses based on its shareholding ratio.
4. When the Company loses control over a subsidiary, any remaining investment in the former subsidiary is re-measured at fair value and treated as the fair value of the original financial asset or the cost of the original investment in the associated enterprise, and any difference between fair value and book value is recognized in the current profit and loss statement. For all amounts previously recognized in other comprehensive income related to the former subsidiary, the accounting treatment is the same as the basis for directly disposing of related assets or liabilities by the Company, meaning that if the previously recognized gain or loss was reclassified as profit or loss upon disposal of the related asset or liability, it will be reclassified from equity to profit or loss when control over the subsidiary is lost.
5. An affiliate is an entity over which the Company has significant influence but not control, generally holding directly or indirectly 20% or more of the voting shares. The Company's investments in affiliates are accounted for under the equity method and are recognized at cost upon acquisition..
6. According to the accounting standards for financial reports of securities issuers, the current period's income and other comprehensive income of individual financial reports should be attributed to the same proportion of the parent company's owners as the consolidated financial reports prepared on a parent-company-only basis. The owner's equity in the individual financial report should be the same as the equity attributed to the parent company's owners in the consolidated financial report.

(14) Property, Plants, and Equipment

1. Property, plants, and equipment are recorded at acquisition cost and the related interest is capitalized during the period of acquisition or construction.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced portion should be derecognized. All other maintenance costs are recognized in profit or loss as incurred.
3. Property, plants, and equipment are subsequently measured at cost and depreciated on a straight-line basis over their estimated useful lives. If the components of property, plants, and equipment are significant, they are depreciated separately.
4. The Company reviews the residual value, useful life, and depreciation method of each asset at the end of each fiscal year. If the expected value of the residual value and useful life differs from previous estimates, or if there is a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the change is accounted for in accordance with IAS 8,

“Accounting Policies, Changes in Accounting Estimates, and Errors” from the date of the change. The useful lives of each asset are as follows:

Buildings and Structures (including ancillary equipment)	3 years to 50 years
Machinery and Equipment	3 years to 8 years
Molding Equipment	2 years
Office Equipment	3 years
Other Equipment	2 years to 3 years

(15) Lease Transactions as the Lessee - Right-of-Use Assets/Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Company. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payments are recognized as an expense on a straight-line basis over the lease period.
2. Lease liabilities are recognized at the present value of the lease payments outstanding at the starting date of the lease, discounted at the Company's incremental borrowing rate, and the lease payments consist of:
 - (1) Fixed payments, net of any lease incentives that may be received; and
 - (2) Variable lease payments depending on an index or rate.

Interest expense is subsequently provided for under the amortized cost method over the lease using the interest method. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.
3. Right-of-use assets are recognized at cost at the starting date of the lease and the cost consists of:
 - (1) The original measurement amount of the lease liability; and
 - (2) Any lease payments made on or before the starting date.

Depreciation expense is provided based on the expiration of the useful life of the right-of-use asset or the expiration of the lease period, whichever is earlier, measured subsequently using the cost model. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability

(16) Intangible Assets

This includes computer software, which is recorded at acquisition cost and amortized by the average method over the estimated economic benefit period.

(17) Impairment of Non-financial Assets

The Company estimates the recoverable amount of an asset with an indication of impairment on the balance sheet date and recognizes an impairment loss when the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. An impairment loss is reversed when the impairment loss that was recognized in prior years no longer exists or decreases, provided that the carrying amount of the asset increased by the reversed impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

(18) Accounts and Notes Payable

1. They refer to debts arising from the purchase of raw materials, merchandise or services on credit, and notes payable arising from operating and non-operating activities.
2. Short-term accounts and notes payable without interest are measured at the original invoice amount because the effect of discounting is not significant.

(19) Financial Liabilities at Fair Value Through Profit or Loss

1. They refer to financial liabilities that are held primarily for the purpose of repurchasing in the near future and for trading in derivatives other than those designated as hedging instruments under hedge accounting. Or financial liabilities designated as at fair value through profit or loss on initial recognition. The Company designates a financial liability at fair value through profit or loss on initial recognition when one of the following criteria is met:
 - (1) It is a hybrid (combined) contract; or
 - (2) It can eliminate or materially reduce measurement or recognition inconsistencies; or
 - (3) It is an instrument that is managed and evaluated on a fair value basis in accordance with written risk management policies.
2. The Company measures financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the gain or loss recognized in profit or loss.

(20) Convertible Bonds Payable

The convertible bonds payable issued by the Company are embedded with conversion rights (i.e., the holder's right to choose to convert to the Company's common stock for a fixed number of shares with a fixed amount of money), resale rights, and repurchase rights. At initial issuance, the issue price is classified as financial assets, financial liabilities, or equity depending on the issuance conditions, which are treated as follows:

1. Embedded Resale Rights and Repurchase Rights: Recorded as "financial assets or liabilities at fair value through profit or loss" at their net fair value on initial recognition; subsequently, the difference based on the fair value at that time is recognized as "gain or loss on financial assets (liabilities) at fair value through profit or loss" on the balance sheet date.
2. Master Contract of Corporate Bonds: The difference between the fair value of corporate bonds and the redemption value is recognized as a premium or discount on bonds payable at the time of initial recognition; subsequently, it is recognized in profit or loss as an adjustment to "financial costs" using the effective interest method under the amortization procedure over the circulation period.
3. Embedded Conversion Rights (which meet the definition of equity): On initial recognition, the remaining value of the issue amount, net of the above "financial assets or liabilities at fair value through profit or loss" and "bonds payable", is recorded as "capital surplus - stock options" and is not subsequently remeasured.
4. Any transaction costs directly attributable to the issuance are allocated to each component of liabilities and equity in proportion to the original carrying amount of

each component mentioned above.

5. Upon conversion, the components of liabilities (including “bonds payable” and “financial assets or liabilities at fair value through profit or loss”) are subsequently measured according to their respective classifications, and the book value of the aforementioned components of liabilities is added to the book value of “capital surplus - stock options” as the issuance cost of the common stock exchanged.

(21) Employee Benefits

1. Short-term Employee Benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered.

2. Pensions

Defined Contribution Plans

For defined contribution plans, the amount to be contributed to the pension fund is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

3. Remuneration to Employees and Directors and Supervisors

Remuneration to employees and directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If the actual distributed amount differs from the estimated amount, the difference is treated as a change in accounting estimate. Where the remuneration to employees is paid in stock, the number of shares is calculated based on the closing price on the day before the Board of Directors' resolution.

(22) Income Taxes

1. Income tax expense includes current and deferred income taxes. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.
2. The Company bases current income taxes on the tax rates enacted or substantively enacted on the balance sheet date in the countries in which the Company operates and generates taxable income. Management periodically assesses the status of income tax returns with respect to applicable income tax regulations and, where appropriate, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Income taxes on unappropriated earnings are levied in accordance with the Income Tax Act. Income tax expenses on unappropriated earnings are recognized based on the actual distribution of earnings in the year following the year in which the earnings are generated after the earnings distribution proposal is passed at the shareholders' meeting.

3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. Deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction (excluding individual businesses) that, at the time of the transaction, does not affect the accounting profit or taxable income (taxable loss). Temporary differences arising from investments in subsidiaries and affiliates are not recognized if the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is calculated using the tax rates (and tax laws) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, based on legislation or substantively enacted on the balance sheet date.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and the unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and there is an intention to settle or realize the assets and settle the liabilities on a net basis. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and when the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(23) Stock Capital

1. Common stock is classified as equity and the incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from price in equity, net of income taxes.
2. When the Company repurchases issued shares, the consideration paid includes any incremental costs directly attributable to the issuance of new shares recognized as a deduction from shareholders' equity, net of income tax. Upon subsequent reissuance of repurchased shares, the difference between the consideration received and the carrying amount, net of any directly attributable incremental costs and income tax effects, is recognized as a deduction from stockholders' equity.

(24) Dividend Distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders resolve to distribute the dividends. Cash dividends distributed are recognized as a liability and stock dividends distributed are recognized as stock dividends to be distributed and transferred to common stock on the base date of issuance of new shares.

(25) Revenue Recognition

1. The Company manufactures and sells optical fiber communication component products. Sales revenue is recognized when control of the product is transferred to the customer, i.e., when the product is delivered to the customer and the Company has no outstanding performance obligations that could affect the customer's acceptance of the product. Delivery of product occurs when the product is delivered to the customer at a designated location where the risk of obsolescence and loss has been transferred to the customer and the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.
2. Sales revenue is recognized at the contract price. Accounts receivable are recognized when the merchandise is delivered to the customer because the Company has an unconditional right to the contract price from that point onward, and it only takes some time before the Company receives the consideration from the customer.

5. Significant Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

The preparation of the parent company only financial statements requires management to make judgments in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing on the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be continually evaluated and adjusted, with historical experience and other factors taken into account. These estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year. Please refer to the following descriptions for the uncertainty of significant accounting judgments, estimates, and assumptions:

(1) Significant Judgments in the Adoption of Accounting Policies

None.

(2) Significant Accounting Estimates and Assumptions

Inventory Valuation.

As inventories are stated at the lower of cost or net realizable value, the Company must use judgment and estimates to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in technology, the Company evaluates the amount of inventories on the balance sheet date that are normally worn out, obsolete, or have no marketable value, and reduces the cost of inventories to the net realizable value. This inventory valuation is primarily based on estimates of product demand in specific future periods and is subject to significant change.

As of December 31, 2023, the carrying amount of the Company inventories was \$121,945.

6. Description of Significant Accounting Items

(1) Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on Hand and Revolving Funds	\$ 31	\$ 112
Checking Deposits	-	358
Demand Deposits	114,899	71,724
Time Deposits	254,232	521,566
Bonds With Repurchase Agreement	141,243	85,988
Total	<u>\$ 510,405</u>	<u>\$ 679,748</u>

1. The credit quality of the Company's correspondent financial institutions is good and the Company has dealings with various financial institutions to diversify credit risk, and the possibility of default is expected to be low.
2. The Company's cash and cash equivalents restricted for use were \$1,673 as of December 31, 2023 and 2022, and were classified as other financial assets (listed as "other non-current assets").

(2) Financial Assets at Fair Value Through Profit or Loss

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Items:		
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss		
Stock of Listed Companies on the TWSE and TPEx	\$ 116,825	\$ 139,960
Valuation Adjustments	106,704	(48,676)
Total	<u>\$ 223,529</u>	<u>\$ 91,284</u>

1. The breakdown of financial assets at fair value through profit or loss recognized in profit (loss) is as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss		
Equity Instruments	\$ 192,575	(\$ 43,014)
Redemption/Sale Rights of Convertible Bonds	(30)	30
Total	<u>\$ 192,545</u>	<u>(\$ 42,984)</u>

2. The Company has not pledged financial assets at fair value through profit or loss as security.

3. For information on the fair value of financial assets at fair value through profit or loss, please refer to Note 12 (2).

(3) Financial Assets at Fair Value Through Other Comprehensive Income

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current Items:		
Equity Instruments		
Stock of Non-listed Companies \$	24,856	\$ 26,030
Valuation Adjustments	<u>2,095</u>	<u>4,223</u>
Total	<u>\$ 26,951</u>	<u>\$ 30,253</u>

1. The Company has elected to classify equity instruments of strategic investments as financial assets at fair value through other comprehensive income, and the fair values of these investments were \$26,951 and \$30,253 as of December 31, 2023 and 2022, respectively.
2. The breakdown of financial assets at fair value through other comprehensive income recognized in other comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity Instruments at Fair Value Through Other Comprehensive Income</u>		
Recognized in Other Comprehensive Profit or Loss by Change in Fair Value	(\$ <u>2,128</u>)	(\$ <u>7,988</u>)
Dividend Income Recognized in Profit or Loss		
Held at the End of the Period	<u>\$ 1,544</u>	<u>\$ 2,429</u>

3. The financial asset held by the Company at fair value through other comprehensive income that best represents without considering the collateral or other credit enhancements, had a maximum exposure to credit risk of \$26,951 and \$30,253 as of December 31, 2023 and 2022, respectively.
4. The Company has not pledged financial assets at fair value through other comprehensive income as security.
5. For information on the fair value of financial assets at fair value through other comprehensive income, please refer to Note 12 (2).

(4) Financial Assets at Amortized Cost

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Items:		
Time Deposits	\$ <u>1,094,158</u>	\$ <u>421,014</u>

1. The amount that best represents the Company's exposure to credit risk for financial assets at amortized cost, without taking into account collateral held or other credit enhancements, was \$1,094,158 and \$421,014 as of December 31, 2023 and 2022, respectively.
2. Please refer to Note 12 (2) for information on the credit risk of financial assets at amortized cost.

(5) Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts Receivable	\$ 460,049	\$ 758,051
Less: Allowance for Losses	<u>-</u>	<u>-</u>
	<u>\$ 460,049</u>	<u>\$ 758,051</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
	<u>Accounts Receivable</u>	<u>Accounts Receivable</u>
Not Overdue	\$ 417,482	\$ 601,761
Within 30 Days	41,597	147,203
31-90 Days	970	5,042
91-180 Days	-	4,045
	<u>\$ 460,049</u>	<u>\$ 758,051</u>

The aging analysis of accounts receivable and notes receivable are based on the number of days over due and the maturity date of the notes, respectively.

2. As of December 31, 2023 and 2022, the accounts receivable balances were generated from customer contracts, and the receivable balances from customer contracts were \$582,131 as of January 1, 2023.
3. The Company has not pledged any accounts receivable as security.
4. Without considering the collaterals held or other credit enhancements, the amount that best represents the Company's maximum exposure to credit risk for the accounts receivable as of December 31, 2023 and 2022 was \$460,049 and \$758,051, respectively.
5. Please refer to Note 12 (2) for information on the related credit risk of accounts receivable and notes receivable.

(6) Inventories

	31-Dec-23	31-Dec-22
Raw Materials	\$ 47,156	\$ 43,351
Work in Process	42,288	30,741
Finished Goods	32,501	44,244
Total	<u>\$ 121,945</u>	<u>\$ 118,336</u>

The cost of inventories the Company recognized as expenses in the period:

	2023	2022
Cost of Inventories Sold	\$ 2,199,151	\$ 2,490,112
Gain on Slow Moving Inventory and Decline in Value	(3,583)	(6,432)
	<u>\$ 2,195,568</u>	<u>\$ 2,483,680</u>

The Company p recognized a decrease in cost of goods sold in 2023 and 2022 due to the disposal of certain inventories that had declined in value or become slow moving, resulting in a recovery in the net realizable value of inventories.

(7) Investments Accounted for Using Equity Method

	31-Dec-23	31-Dec-22
Subsidiaries:		
Browave Holding Inc.	\$ 910,105	\$ 930,431
Browave (Philippines) Corp. (Note)	89,823	51,134
Total	<u>\$ 999,928</u>	<u>\$ 981,565</u>

Note: On August of the year 2022, our company established Browave (Philippines) Corporation in the Philippines.

Subsidiaries accounted for using the equity method was recognized as (\$82,924) and \$8,210 for 2023 and 2022, respectively.

Regarding the subsidiary information of our company, please refer to Note 4.(3) of the consolidated financial statements for the fiscal year 2023.

(8) Property, Plants, and Equipment

	Buildings and Structures	Machinery and Equipment	Molding Equipment	Office Equipment	Others	Construction in Progress and Equipment to be Tested	Total
<u>Cost</u>							
2023/1/1	\$ 247,140	\$ 202,744	\$ 6,280	\$ 18,605	\$ 1,688	\$ 420	\$ 476,877
Addition	1,006	6,144	252	7,450	-	0	14,852
Disposal	-	(12,983)	(128)	-	-	-	(13,111)
2023/12/31	<u>\$ 248,146</u>	<u>\$ 195,905</u>	<u>\$ 6,404</u>	<u>\$ 26,055</u>	<u>\$ 1,688</u>	<u>\$ 420</u>	<u>\$ 478,618</u>
<u>Accumulated Depreciation and Impairment</u>							
2023/1/1	\$ 151,664	\$ 185,911	\$ 5,599	\$ 17,603	\$ 1,506	\$ -	\$ 362,283
Depreciation Expenses	6,071	13,792	531	2,382	182	-	22,958
Disposal	-	(12,495)	(128)	-	-	-	(12,623)
2023/12/31	<u>\$ 157,735</u>	<u>\$ 187,208</u>	<u>\$ 6,002</u>	<u>\$ 19,985</u>	<u>\$ 1,688</u>	<u>\$ -</u>	<u>\$ 372,618</u>
<u>Book Value</u>							
2023/1/1	\$ 95,476	\$ 16,833	\$ 681	\$ 1,002	\$ 182	\$ 420	\$ 114,594
2023/12/31	<u>\$ 90,411</u>	<u>\$ 8,697</u>	<u>\$ 402</u>	<u>\$ 6,070</u>	<u>\$ -</u>	<u>\$ 420</u>	<u>\$ 106,000</u>

	Buildings and Structures	Machinery and Equipment	Molding Equipment	Office Equipment	Others	Construction in Progress and Equipment to be Tested	Total
<u>Cost</u>							
2022/1/1	\$ 249,590	\$ 218,913	\$ 10,672	\$ 18,281	\$ 1,688	\$ 420	\$ 499,564
Addition	1,245	3,591	765	324	-	114	6,039
Disposal	(3,695)	(19,874)	(5,157)	-	-	-	(28,726)
Reclassification	-	114	-	-	-	(114)	-
2022/12/31	<u>\$ 247,140</u>	<u>\$ 202,744</u>	<u>\$ 6,280</u>	<u>\$ 18,605</u>	<u>\$ 1,688</u>	<u>\$ 420</u>	<u>\$ 476,877</u>
<u>Accumulated Depreciation and Impairment</u>							
2022/1/1	\$ 148,545	\$ 179,935	\$ 9,484	\$ 17,104	\$ 1,324	\$ -	\$ 356,392
Depreciation Expenses	6,814	22,363	1,272	499	182	-	31,130
Disposal	(3,695)	(16,387)	(5,217)	-	-	-	(25,239)
2022/12/31	<u>\$ 151,664</u>	<u>\$ 185,911</u>	<u>\$ 5,599</u>	<u>\$ 17,603</u>	<u>\$ 1,506</u>	<u>\$ -</u>	<u>\$ 362,283</u>
<u>Book Value</u>							
2022/1/1	\$ 101,045	\$ 38,978	\$ 1,188	\$ 1,177	\$ 364	\$ 420	\$ 143,172
2022/12/31	<u>\$ 95,476</u>	<u>\$ 16,833</u>	<u>\$ 681</u>	<u>\$ 1,002</u>	<u>\$ 182</u>	<u>\$ 420</u>	<u>\$ 114,594</u>

For information on property, plants, and equipment pledged as security, please refer to Note 8.

(9) Lease Transactions - Lessee

1. The underlying assets of the Company's leases include land, buildings and structures, and transportation equipment. The period of the lease contracts normally ranges from 3 to 20 years. Lease agreements are individually negotiated and contain various terms and conditions, with no restrictions other than that the leased assets cannot be used as security for borrowings.
2. The book values of the right-of-use assets and the depreciation expense recognized were as follows:

	December 31, 2023	December 31, 2022
	Carrying Amount	Carrying Amount
Land	\$ 26,975	\$ 27,939
Transportation Equipment	998	2,993
	<u>\$ 27,973</u>	<u>\$ 30,932</u>

	2023	2022
	<u>Depreciation Expenses</u>	<u>Depreciation Expenses</u>
Land	\$ 963	\$ 963
Transportation Equipment	1,996	1,996
	<u>\$ 2,959</u>	<u>\$ 2,959</u>

3. The additions to the Company's right-of-use assets amounted to \$0 and \$129 for 2023 and 2022, respectively.
4. Information on gains and losses related to lease contracts is as follows:

	2023	2022
<u>Items Affecting Profit or Loss for the Period</u>		
Interest Expense on Lease Liabilities	\$ 319	\$ 346
Expenses Under Short-term Lease Contracts	822	503

5. The Company's total lease cash outflows for 2023 and 2022 were \$3,995 and \$3,676, respectively.

(10) Other Non-current Assets

	December 31, 2023	December 31, 2022
Refundable Deposits	\$ 1,681	\$ 1,747
Prepayments For Equipment	3,609	4,934
	<u>\$ 5,290</u>	<u>\$ 6,681</u>

(11) Financial Liabilities at Fair Value Through Profit or Loss

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Items:		
Financial Liabilities Mandatorily Measured at Fair Value Through Profit or Loss		
Redemption/Sale Rights of Convertible Bonds	\$ -	(\$ 59)
Valuation Adjustments	-	59
Total	<u>\$ -</u>	<u>\$ -</u>

The breakdown of financial liabilities at fair value through profit or loss recognized in profit or loss is as follows:

	2023	2022
Net Gain (Loss) Recognized in Profit or Loss:		
Financial Liabilities Mandatorily Measured at Fair Value Through Profit or Loss		
Redemption/Sale Rights of	\$ -	\$ 1,440

(12) Bonds Payable

	December 31, 2023	December 31, 2022
Bonds Payable	\$ 300,000	\$ 300,000
Less: Amount subject to conversion rights	(300,000)	-
Less: Discount on Bonds Payable	-	(4,326)
	\$ -	\$ 295,674
Less: Convertible Bonds due within one year	(-)	(295,674)
	<u>\$ -</u>	<u>\$ -</u>

1. Domestic Convertible Bonds Issued by the Company

(1) The terms of the second domestic unsecured convertible bonds are as follows:

- A. The Company's second domestic unsecured convertible bonds were approved by the competent authorities and issued with a total amount of \$300,000 and a coupon rate of 0% for a three-year issuance period from October 8, 2020 to October 8, 2023. The convertible bonds are repayable in cash at par value on maturity.
- B. The holders of the convertible bonds may request the Company to convert the bonds into common stock at any time from the day after the third month from the date of issuance to the maturity date, except for the period when the transfer of the bonds is suspended under the regulations or laws. The rights and obligations of the converted common stock are the same as those of the earlier issued common stock.
- C. The conversion price of the convertible bonds of NT\$57.1 per share is determined in accordance with the pricing model stipulated in the conversion measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the conversion measures under circumstances of anti-dilution clauses.
- D. The bondholders may request the Company to repurchase the convertible bonds held by themselves two years after the date of issuance.
- E. If the closing price of the Company's common stock exceeds 30% of the conversion price for 30 consecutive business days from the day after the third month of issuance to the 40th day before the expiration of the issuance period, the Company may redeem all of the bonds at their face value in cash within 30 business days thereafter.
- F. If the outstanding balance of the convertible bonds is less than 10% of the original issue amount from the day after the third month of issuance to the 40th day before the expiration of the issuance period, the Company may redeem all of the bonds at their face value in cash at any time thereafter.

- G. In accordance with the conversion measures, all bonds redeemed (including those bought back by the TPEX), repaid, or converted by the Company will be cancelled and all rights and obligations attached to the bonds will be extinguished and no reissuance will be made.
- (2) The book value of convertible bonds \$300,000 has been converted into 5,254 thousands of common shares, as of December 31, 2023.
2. Upon the issuance of convertible bonds, the Company separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation", and recorded \$11,535 as "capital surplus - stock options". In accordance with IFRS 9, "Financial Instruments", the embedded repurchase and resale rights are separated from the economic characteristics and risks of the debt instruments of the master contract and are recorded as "financial liabilities at fair value through profit or loss" on a net basis. The effective interest rate of the debt of the master contract after the separation was 1.88%.

(13) Other Payables

	December 31, 2023	December 31, 2022
Employment Expenses Payable	\$ 106,449	\$ 122,900
Service Expenses Payable	2,751	4,194
Payables On Equipment	2,853	719
Others	14,925	13,618
	<u>\$ 126,978</u>	<u>\$ 141,431</u>

(14) Pensions

- Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan in accordance with the "Labor Pension Act", which is applicable to domestic employees. The Company and its domestic subsidiaries make monthly contributions of 6% of salaries and wages to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to apply the labor pension system under the "Labor Pension Act". The employees' pension payments are made in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.
- For 2023 and 2022, the Company recognized pension costs of \$5,293 and \$5,598, respectively, based on the above pension plans.

(15) Stock Capital

As of December 31, 2023, the Company's authorized capital was \$1,000,000, divided into 100,000 thousand shares with a par value of \$10 per share, of which 8,800 thousand shares were reserved for conversion upon exercise of stock options, and the paid-in capital was \$805,407. The Company has fully received the payment for the issued shares.

- A reconciliation of the number of outstanding shares of the Company's common stock at the beginning of the period to the end of the period is as follows:

Unit: thousands of shares

	2023	2022
January 1	75,287	75,287
Transfer of Convertible Bond	5,254	-
December 31	80,541	75,287

(16) Capital Surplus

Under the Company Act, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to make up for losses, except when the Company has no accumulated losses, in which case new shares or cash may be distributed in proportion to the shareholders' original shareholding percentages. In accordance with the Securities and Exchange Act, the total amount of the above capital surplus may not exceed 10% of the paid-in capital in any year. The Company may not use capital surplus to replenish the capital loss unless the earned surplus is insufficient to cover the capital loss.

	2023				
	Issue Premium	Lapsed Stock Options	Stock Options	Treasury Stock	Total
January 1	\$ 293,065	\$ 1,344	\$ 11,535	\$ 49,006	\$ 354,950
Convertible Bond	257,967	-	(11,535)	-	246,432
December 31	\$ 551,032	\$ 1,344	\$ -	\$ 49,006	\$ 601,382

	2022				
	Issue Premium	Lapsed Stock Options	Stock Options	Treasury Stock	Total
January 1	\$ 293,065	\$ 1,344	\$ 11,535	\$ 49,006	\$ 354,950
(The same as 31-Dec.)					

(17) Retained Earnings

1. In accordance with the Company's Articles of Incorporation, if the Company makes a profit as concluded by the annual accounting book close, the Company's annual final accounts, the Company shall first pay taxes to make up for past losses and then set aside 10% as legal reserve, except when the legal reserve has accumulated to the total paid-in capital, and after setting aside or reversing the special reserve in accordance with the regulations of the competent authority, the remaining amount together with accumulated unappropriated earnings from previous years shall be available-for-distribution earnings. The Board of Directors may, at its discretion, retain a portion of the earnings in accordance with operating requirements and then request the shareholders to resolve the distribution of bonuses or dividends to shareholders. The Company may, with the presence of at least two-thirds of the Board of Directors and the approval of a majority of the directors present, distribute all or part of the

dividends and bonuses in the form of cash and report to the stockholders' meeting.

2. The Company's dividend policy is based on the Company's current and future investment environment, capital requirements, domestic and foreign competition, and capital budget, taking the interests of shareholders and balancing dividends and the Company's long-term planning, etc. into account. The Board of Directors shall prepare and submit the distribution plan to the shareholders' meeting annually in accordance with the law. The annual distribution of dividends to shareholders shall be no less than 50% of the net profit for the year. The Company may distribute dividends to shareholders in cash or in stock. However, the Company may not distribute dividends if the net profit for the year does not reach 10% of the paid-in capital. Cash dividends shall not be less than 10% of the total dividends paid, but the type and percentage for such earnings distribution may be adjusted by resolution of the shareholders' meeting depending on the actual profit and capital position of the year.
3. Legal reserve may not be used except to make up for losses or to issue new shares or cash in proportion to the shareholders' original shareholding percentage. provided the amount of such new shares or cash issued shall be limited to the reserve in excess of 25% of the paid-in capital.
4. (1) When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity as of the balance sheet date. When the debit balance of other equity is subsequently reversed, the reversal amount can be included in available-for-distribution earnings.
- (2) Upon the adoption of IFRSs for the first time, the special reserve provided in accordance with Jin-Guan-Zheng-Fa-Zi No.1010012865 dated April 6, 2012 is reversed in proportion to the special reserve provided when the Company subsequently uses, disposes of, or reclassifies the related assets. When the Company adopted IFRSs for the first time in 2013, due to the Company's election to apply the IFRS 1 exemption, the cumulative translation effect was transferred to retained earnings on the date of transition to IFRSs and a special reserve of \$45,818 was provided for the same amount.
5. On February 29, 2024, the Board of Directors resolved, and on June 19, 2023, the shareholders resolved, to approve the following distribution of earnings for 2023 and 2022:

	2023		2022	
	Amount	Dividends Per Share (NTD)	Amount	Dividends Per Share (NTD)
Legal Reserve	\$ 43,578	-	\$ 45,158	-
Special Reserve	10,965	-	(19,776)	-
Cash Dividends	289,947	\$ 3.60	316,205	\$ 4.20
Total	<u>\$ 344,490</u>		<u>\$ 341,587</u>	

(18) Other Equity

	Foreign Currency Translation	Financial Assets at Fair Value Through Other Comprehensive Income
2023/1/1	(\$ 66,035)	\$ 4,223
Group Foreign Currency Translation Differences	(8,838)	-
Group Valuation Adjustments	-	(2,128)
2023/12/31	(\$ 74,873)	\$ 2,095

	Foreign Currency Translation	Financial Assets at Fair Value Through Other Comprehensive Income
2022/1/1	(\$ 93,799)	\$ 12,211
Group Foreign Currency Translation Differences	13,381	-
Group Valuation Adjustments	-	(7,988)
Disposal Group Held for Sale	14,383	-
2022/12/31	(\$ 66,035)	\$ 4,223

(19) Operating Revenue

	2023	2022
Revenue From Customer Contracts	\$ 2,763,374	\$ 3,192,619

1. Breakdown of Revenue From Customer Contracts

The Company's revenue is derived from merchandise transferred at a point in time, and can be broken down into the following major product lines:

<u>2023</u>	Optical Communication Optical Modules
Revenue From External Customer Contracts	\$ 2,763,374
<u>2022</u>	Optical Communication Optical Modules
Revenue From External Customer Contracts	\$ 3,192,619

2. Contract Liabilities

The Company recognizes contract liabilities for revenue from customer contracts as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract Liabilities - Merchandise Contracts	<u>\$ 2,401</u>	<u>\$ 4,522</u>	<u>\$ 8,429</u>

Contract Liabilities at the Beginning of the Period Recognized as Revenue in the Period

	<u>2023</u>	<u>2022</u>
Balance of Contract Liabilities at the Beginning of the Period		
Revenue Recognized in the Period		
Merchandise Contracts	<u>\$ 2,347</u>	<u>\$ 6,446</u>

(20) Interest Income

	<u>2023</u>	<u>2022</u>
Interest on Bank Deposits	\$ 48,971	\$ 13,649
Other Interest	179	449
	<u>\$ 49,150</u>	<u>\$ 14,098</u>

(21) Other Income

	<u>2023</u>	<u>2022</u>
Dividend Income	\$ 3,554	\$ 8,861
Miscellaneous Income	20,533	4,463
	<u>\$ 24,087</u>	<u>\$ 13,324</u>

(22) Other Gains and Losses

	<u>2023</u>	<u>2022</u>
Gain (Loss) on Disposal of Property, Plants, and Equipment	\$ 294	(\$ 1,372)
Gain on Disposal of Investments	-	7,394
Net Exchange Gain	19,806	123,022
Gain (Loss) on Financial Assets and Liabilities at Fair Value Through Profit or Loss	192,545	(41,544)
Miscellaneous Expenses	(222)	(233)
	<u>\$ 212,423</u>	<u>\$ 87,267</u>

(23) Financial Costs

	2023	2022
Interest Expenses:		
Bank Loans	\$ 23	\$ 64
Convertible Bonds	3,296	5,515
Interest on Bills	-	1
Lease Liabilities	319	346
	<u>\$ 3,638</u>	<u>\$ 5,926</u>

(24) Expenses by Nature

	2023	2022
Employee Benefit Expenses	\$ 205,091	\$ 247,904
Depreciation Expenses	\$ 25,917	\$ 34,089
Amortization Expense of Intangible Assets	\$ 2,208	\$ 3,653

(25) Employee Benefit Expenses

	2023	2022
Salary Expenses	\$ 158,073	\$ 197,927
Insurance Expenses	12,229	11,502
Pension Expenses	5,293	5,598
Director's Remuneration	20,965	23,472
Other Employment Expenses	8,531	9,405
	<u>\$ 205,091</u>	<u>\$ 247,904</u>

1. In accordance with the Company's Articles of Incorporation, the Company shall distribute employees' remuneration at 5% to 15% of the current year's profit and directors' and supervisors' remuneration at no more than 3% of the current year's profit. However, the Company shall make up for any accumulated losses, if any. Remuneration to employees may be in the form of stock or cash and may be made to employees of subordinate companies who meet certain criteria.
2. For 2023 and 2022 the estimated remuneration to employees was \$34,000 and 41,000 respectively, and the estimated remuneration to directors and supervisors was \$11,000 and \$13,600, respectively, which were recorded as salary expenses.

The remuneration to employees and directors and supervisors for 2022 resolved by the shareholders' meeting were consistent with the amounts recognized in the financial statements for 2022.

Information on the remuneration to employees and remuneration to directors and supervisors approved by the Board of Directors and resolved by the shareholders' meeting is available on the Market Observation Post System.

(26) Income Taxes

1. Components of Income Tax Expenses:

	2023	2022
Current Income Taxes:		
Current tax on profits for the period (Note)	\$ 76,008	\$ 108,740
Adjustments in respect of prior period	(6,104)	(3,742)
Tax on undistributed surplus earnings	5,500	-
Total Current Income Taxes	<u>75,404</u>	<u>104,998</u>
Deferred Income Taxes:		
Origination and reversal of temporary differences	<u>7,295</u>	<u>4,994</u>
Total Deferred Income Taxes	<u>7,295</u>	<u>4,994</u>
Income Tax Expenses	<u>\$ 82,699</u>	<u>\$ 109,992</u>

2. The relationship between income tax expenses and accounting profit is explained as follows:

	2023	2022
Income Taxes on Net Profit		
Before Tax at Statutory Tax Rate (Note)	\$ 103,696	\$ 112,315
Effect to be Excluded Under the Tax Law	659	9,036
Income Exempt From Tax Under the Tax Law	(41,437)	(1,468)
Deferred Income Tax Assets (Liabilities) Not Recognized for Temporary Differences	20,385	(6,149)
Adjustments in respect of prior period	5,500	-
Overestimated Income Tax for Previous Years	(6,104)	(3,742)
Income Tax Expenses	<u>\$ 82,699</u>	<u>\$ 109,992</u>

3. The amount of each deferred income tax asset or liability arising from temporary differences and taxable losses are as follows:

	2023		
	1-Jan	Recognize in Profit or Loss	31-Dec
Temporary Differences:			
- Deferred Income Tax Assets:			
Unrealized Exchange Losses	\$ 3,640	(\$ 2,730)	\$ 910
Others	8,986	(2,438)	6,548
Subtotal	\$ 12,626	(\$ 5,168)	\$ 7,458
- Deferred Income Tax Liabilities:			
Investment Income	(\$ 19,368)	\$ -	(\$ 19,368)
Others	-	(2,127)	(2,127)
Subtotal	(\$ 19,368)	(\$ 2,127)	(\$ 21,495)
Total	\$ 6,742	(\$ 7,295)	(\$ 14,037)

	2022		
	1-Jan	Recognize in Profit or Loss	31-Dec
Temporary Differences:			
- Deferred Income Tax Assets:			
Unrealized Exchange Losses	\$ 600	\$ 3,040	\$ 3,640
Others	9,044	(58)	8,986
Subtotal	\$ 9,644	\$ 2,982	\$ 12,626
- Deferred Income Tax Liabilities:			
Investment Income	(\$ 11,392)	(\$ 7,976)	(\$ 19,368)
Total	(\$ 1,748)	(\$ 4,994)	(\$ 6,742)

4. Deductible temporary differences not recognized as deferred income tax assets:

	December 31, 2023	December 31, 2022
Deductible Temporary Differences	\$ 92,001	\$ 22,448

5. The Company has not recognized deferred income tax liabilities for taxable temporary differences associated with certain investments in subsidiaries. The temporary differences in unrecognized deferred income tax liabilities were \$38,345 and \$78,103 as of December 31, 2023 and 2022, respectively.
6. The Company's income taxes have been assessed by the tax authorities through 2021.

(27) Earnings Per Share

	2023		
	Amount After Tax	Weighted-average Number of Outstanding Shares (in thousands)	Earnings Per Share (NTD)
<u>Basic Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	\$ 435,782	\$ 77,469	\$ 5.63
<u>Diluted Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	\$ 435,782	\$ 77,469	
Remuneration to Employees	-	495	
Convertible Bonds	2,661	3,086	
Net Profit for the Period Attributable to Owners of the Parent Company Plus the Effect of Potential Common Stock	\$ 438,443	\$ 81,050	\$ 5.41

	2022		
	Amount After Tax	Weighted-average Number of Outstanding Shares (in thousands)	Earnings Per Share (NTD)
<u>Basic Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	<u>\$ 451,583</u>	<u>\$ 75,287</u>	<u>\$ 6.00</u>
<u>Diluted Earnings Per Share</u>			
Net Profit for the Period Attributable to Owners of the Parent Company	\$ 451,583	\$ 75,287	
Remuneration to Employees	-	858	
Convertible Bonds	<u>3,236</u>	<u>4,918</u>	
Net Profit for the Period Attributable to Owners of the Parent Company Plus the Effect of Potential Common Stock	<u>\$ 454,819</u>	<u>\$ 81,063</u>	<u>\$ 5.61</u>

(28) Supplementary Information on Cash Flows

- Investing activities paid only partially in cash:

	2023	2022
Purchase of Property, Plants, and Equipment	\$ 14,852	\$ 6,039
Add: Payables on Equipment at the Beginning of the Period	719	1,481
Less: Payables on Equipment at the End of the Period	(2,853)	(719)
Add: Prepayments for Equipment at the End of the Period	3,609	4,934
Less: Prepayments for Equipment at the Beginning of the Period	<u>(4,934)</u>	<u>(53)</u>
Cash Paid in the Period	<u>\$ 11,393</u>	<u>\$ 11,682</u>

2. Financing activities not affecting cash flow:

	2023	2022
Convertible Bonds transfer into common stock	\$ 298,970	\$ -

(29) Changes in Liabilities Arising From Financing Activities

	2023			
	Lease Liabilities	Bonds Payable	Cash Dividends Payable	Total Liabilities Arising from Financing Activities
January1	\$ 31,490	\$ 295,674	\$ -	\$ 327,164
Changes in Cash Flows	(2,854)	-	(316,205)	(319,059)
Payment of Interest	(319)	-	-	(319)
Interest Expense	319	3,296	-	3,615
Changes in Non-cash Flows		(298,970)	-	(298,970)
Increase in the Period	-	-	316,205	316,205
December 31	<u>\$ 28,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,636</u>
	2022			
	Lease Liabilities	Bonds Payable	Cash Dividends Payable	Total Liabilities Arising from Financing Activities
January1	\$ 34,188	\$ 290,159	\$ -	\$ 324,347
Changes in Cash Flows	(2,827)	-	(75,287)	(78,114)
Payment of Interest	(346)	-	-	(346)
Interest Expense	346	5,515	-	5,861
Changes in Non-cash Flows	129	-	-	129
Increase in the Period	-	-	75,287	75,287
December 31	<u>\$ 31,490</u>	<u>\$ 295,674</u>	<u>\$ -</u>	<u>\$ 327,164</u>

7. Related Party Transactions

(1) Name and Relationship of Related Party

<u>Name of Related Party</u>	<u>Relationship With the Company</u>
Browave Holding Inc.	Subsidiary
Browave (Philippines) Corp.	Subsidiary
Browave (Zhongshan) Corp.	Subsidiary
Browave (Japan) Corp.	Subsidiary(Note)
Wu Jhao Yi	Substantive related party

Note: In December 2023, the Company sold 8,000 shares of Browave (Japan) Corp. for a disposal price of \$67,086 and a gain of \$7,394, respectively, which were recorded under other gains and losses. Please refer to Note 6 (22) for related explanations.

(2) Material Transactions With Related Parties

1. Purchases

	<u>2023</u>	<u>2022</u>
Merchandise Purchases:		
Browave (Zhongshan) Corp.	\$ 1,126,368	\$ 1,779,876
Browave (Philippines) Corp.	36,972	-
	<u>\$ 1,163,340</u>	<u>\$ 1,779,876</u>

Our company is assembled passive components by Browave (Zhongshan) Corp and Browave (Philippines) Corp., and payment terms to related parties were not significantly different from those of sales. The payment terms are 30 days after the monthly cut-off day; it is not different from other supplier 30-90 day.

2. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables from related parties		
Browave (Zhongshan) Corp	\$ 1,678	\$ 63

3. Temporary payments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Temporary payments to Subsidiary		
Browave (Philippines) Corp.	<u>\$ -</u>	<u>\$ 21,025</u>

4. Account Payable

	<u>2023</u>	<u>2022</u>
Merchandise Purchases:		
Browave (Zhongshan) Corp.	\$ 293,148	\$ 314,568
Browave (Philippines) Corp.	19,524	-
	<u>\$ 312,672</u>	<u>\$ 314,568</u>

The account Payable is outsourcing fee by Browave (Zhongshan) Corp and Browave (Philippines) Corp..

5. Unearned receipts to related parties(listed as “Other Current Liabilities”)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unearned receipts Browave (Zhongshan) Corp	<u>\$ 26,842</u>	<u>\$ 35,077</u>

6 Other revenue and expense

<u>Counterparty</u>	<u>Item</u>	<u>2023</u>	<u>2022</u>
Browave (Zhongshan) Corp.	Other revenue	\$ -	\$ 1,425
Browave (Japan) Corp.	Interest revenue	-	449
Browave (Philippines) Corp.	Interest revenue	179	-
		<u>\$ 179</u>	<u>\$ 1,874</u>

7. Property Transactions

Disposal of Property, Plants, and Equipment

Counterparty	Subject Matter of Transaction	2023	
		Disposal Price	Gain on Disposal
Browave (Zhongshan) Corp.	Machinery and Equipment	\$ 474	\$ -
Browave (Philippines) Corp.	Machinery and Equipment	38	38
		<u>\$ 512</u>	<u>\$ 38</u>

Disposal of Financial Assets

No disposal of Financial Assets in 2023.

Substantive related party	Item in the Accounting Book Investments Accounted for Using Equity Method	Number of Shares Traded	Subject Matter of Transaction	2022	
				Disposal Price	Gain (Loss) on Disposal
		8,000	Stock	<u>\$ 67,086</u>	<u>\$ 7,394</u>

(3) Information on Key Management Salary

	2023		2022	
Short-term Employee Benefits	\$	48,651	\$	58,517
Post-employment Benefits		660		719
Total	<u>\$</u>	<u>49,311</u>	<u>\$</u>	<u>59,236</u>

8. Pledged Assets

The breakdown of the guarantees given on the Company's assets is as follows:

Asset	Book Value		Guarantee Purposes
	31-Dec-23	31-Dec-22	
Refundable Deposits (listed as "Other Non-current Assets")	\$ 500	\$ 500	Post-release Duty Payment Guarantee for Imported Goods to Taipei Customs, Customs Administration, Ministry of Finance
Refundable Deposits (listed as "Other Non-current Assets")	1,173	1,173	Deposit For Lease of Park Land
Buildings and Structures	86,579	89,626	Guarantee For Bank Loan Facilities
	<u>\$ 88,252</u>	<u>\$ 91,299</u>	

9. Significant Commitments and Contingencies

None

10. Significant Disaster Losses

None

11. Significant Future Events

Please refer to Note 6 and (17)5.

12. Others

(1) Capital Management

The Company's capital management policy is to maintain a sound capital base to sustain the confidence of investors, creditors, and the market, and to support the future development of its operations. Capital consists of stock capital, capital surplus and retained earnings. Capital management objectives are achieved by controlling the return on capital and the level of common stock dividends.

(2) Financial Risk of Financial Instruments

1. Type of Financial Instruments

	31-Dec-23	31-Dec-22
Financial Assets		
Financial Assets at Fair Value Through Profit or Loss		
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss	\$ 223,529	\$ 91,284
Financial Assets at Fair Value Through Other Comprehensive Income		
Designated Equity Instrument for Investment	\$ 26,951	\$ 30,253
Financial Assets at Amortized Cost		
Cash and Cash Equivalents	\$ 510,405	\$ 679,748
Financial Assets at Amortized Cost	1,094,158	421,014
Accounts Receivable	460,049	758,051
Other Receivables	3,037	2,121
Refundable Deposits	1,681	1,747
	\$ 2,069,330	\$ 1,862,681

	31-Dec-23	31-Dec-22
Financial Liabilities		
Financial Liabilities at Amortized Cost		
Accounts Payable(including related party)	\$ 691,515	\$ 430,214
Other Payables	126,978	141,431
Bonds Payable (including portion due within one year or one business cycle)	-	295,674
	<u>\$ 818,493</u>	<u>\$ 867,319</u>
Lease Liabilities	<u>\$ 28,636</u>	<u>\$ 31,490</u>

2. Financial Risk Management Policy

- (1) The Company's daily operations are subject to a number of financial risks, including market risk (such as exchange rate risk and interest rate risk), credit risk, and liquidity risk. The Company employs exchange rate monitoring and counterparty credit management to identify all of the Company's risks and to seek to mitigate potential adverse effects on the Company's financial position and financial performance.
- (2) Risk management is performed by the Company's Finance Department in accordance with policies approved by the Board of Directors. The Company's Finance Department is responsible for the identification, assessment, and hedging of financial risks by working closely with the Company's operating units. The Board of Directors has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus liquidity.

3. Nature and Extent of Significant Financial Risks

(1) Market Risk

Exchange Rate Risk

- A. The Company operates on a multinational basis and is therefore exposed to exchange rate risk arising from various currencies, mainly USD and RMB. The related exchange rate risk arises from future business transactions, recognized assets and liabilities, and net investments in foreign operations. In addition, the Consolidated

Company has natural hedges based on its capital requirements and net position of foreign currency assets and liabilities in each currency.

- B. When short-term imbalances in foreign currency-denominated monetary assets and liabilities occur, the Group ensures that net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates.
- C. The Company engages in operations involving certain non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is RMB) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

(Foreign Currency: Functional Currency)	31-Dec-23		
	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (NTD)
<u>Financial Assets</u>			
<u>Monetary Item</u>			
USD: NTD	\$ 40,801	30.71	\$ 1,252,999
<u>Non-Monetary Item</u>			
CNY: NTD	159,929	4.34	694,092
PES: NTD	162,553	0.55	89,404
<u>Financial Liabilities</u>			
<u>Monetary Item</u>			
USD: NTD	22,123	30.71	679,397

(Foreign Currency: Functional Currency)	31-Dec-22		
	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (NTD)
<u>Financial Assets</u>			
<u>Monetary Item</u>			
USD: NTD	\$ 57,988	30.71	\$ 1,780,811
<u>Non-Monetary Item</u>			
CNY: NTD	162,349	4.41	715,960
PES: NTD	92,971	0.55	51,134
<u>Financial Liabilities</u>			
<u>Monetary Item</u>			
USD: NTD	12,606	30.71	387,130

- D. The aggregate amount of all exchange gains (losses) (both realized and unrealized) recognized for 2023 and 2022 was \$19,806 and 123,022, respectively, due to the significant impact of exchange rate fluctuations on the Company's monetary items.
- E. The Company's exposure to foreign currency market risk due to significant exchange rate fluctuations is analyzed as follows:
For 2023 and 2022, if the exchange rate between USD and NTD had increased or decreased by 1%, respectively, with all other factors held constant, net profit after tax would have increased or decreased by \$5,736 and \$13,937 for 2023 and 2022, respectively.

Price Risk

- A. The Company's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets held at fair value through other comprehensive income. To manage the price risk of investments in equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.
- B. The Company invests mainly in equity instruments issued by domestic and foreign companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the prices of these equity instruments had increased or decreased by 1%, with all other factors held constant, net profit after tax for 2023 and 2022 would have increased or decreased by \$2,235 and \$913 respectively, as a result of the gain or loss on equity instruments measured at fair value through profit or loss. For other comprehensive income, the gain or loss on equity investments classified as at fair value through other comprehensive income would increase or decrease by \$270 and \$303, respectively.

Cash Flow and Fair Value Interest Rate Risk

The Company's interest rate risk arises from short-term and long-term loans.

Loans issued at fixed rates expose the Company to fair value interest rate risk.

(2) Credit Risk

- A. The Company's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, primarily from the failure of counterparties to settle accounts receivable on collection terms and contractual cash flows of financial assets measured at amortized cost.
- B. The Company establishes the management of credit risk from a group perspective. In accordance with the internal credit policy, each operating entity of the Group is required to manage and analyze credit risk for each new customer before setting the terms and conditions of payment and delivery. Internal risk control is performed to assess the credit quality of customers by considering their financial position, past experience, and other factors. Individual risk limits are established by management based on internal or external ratings, and the use of credit limits is regularly monitored.
- C. The Company uses IFRS 9 to provide the premise assumption that a default is deemed to have occurred when contractual payments are more than 90 days overdue in accordance with the contractual payment terms.
- D. The Company uses IFRS 9 to provide the premise assumption that a financial asset is considered to be subject to a significant increase in credit risk since original recognition when contractual payments are more than 30 days overdue in accordance with the contractual payment terms.
- E. The indicators used by the Company to determine that investments in debt instruments are credit-impaired are as follows:
 - (A) A significant increase in the likelihood that the issuer is experiencing significant financial difficulties or will enter bankruptcy or other financial restructuring.
 - (B) The issuer's financial difficulties cause an active market for the financial asset to disappear.
 - (C) The issuer delays or fails to make interest or principal payments.
 - (D) An adverse change in national or regional economic conditions relating to the default of the issuer.
- F. The Company assembles accounts receivable from customers according to the characteristics of the type of customers and uses a simplified approach to estimate expected credit losses based on an allowance matrix.
- G. The Company writes off the amount of financial assets that are not reasonably expected to be recoverable after recourse procedures, but the Company continues to pursue legal recourse procedures to preserve the creditor's rights. As of December 31, 2023 and 2022, the Company's written-off debts with ongoing recourse activities were \$0.
- H. The Company's allowance for losses on accounts receivable and notes

receivable as of December 31, 2023 and 2022, after adjusting the loss rate established based on historical and current information for a specific period for future-looking considerations, is as follows:

	Not Overdue	1-30 Days Overdue	31-90 Days Overdue	91-180 Days Overdue	Total
<u>2023/12/31</u>					
Expected Loss Rate	0.03%	0.05%	0.13%	0.05%	
Total Book Value	\$417,482	\$ 41,597	\$ 970	\$ -	\$ 460,049
Allowance For Losses	\$ -	\$ -	\$ -	\$ -	\$ -
<u>2022/12/31</u>					
Expected Loss Rate	0.03%	0.03%	0.04%	0.05%	
Total Book Value	\$601,761	\$147,203	\$ 5,042	\$ 4,045	\$ 758,051
Allowance For Losses	\$ -	\$ -	\$ -	\$ -	\$ -

The Company allowance for losses on other receivable, is as follows:

	2023	2022
	Other Receivables Allowance Loss	Other Receivables Allowance Loss
January 1	\$ 38,257	\$ 38,257
Allowance Loss Reversal	(11,954)	-
December 31	<u>\$ 26,303</u>	<u>\$ 38,257</u>

After assessing the credit risk of the counterparties, the Company accrues the full amount of expected credit losses for the amounts that the counterparties are unable to perform their contractual obligations.

(3) Liquidity Risk

- A. Cash flow forecasts are performed by each operating entity within the Group and are compiled by the Group Finance Department. The Group Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient undrawn borrowing facilities at all times so that the Group does not breach the relevant borrowing limits or terms.
- B. Surplus cash held by each operating entity will be transferred back to the Group's Finance Department when it exceeds the amount required

for operating capital management. The Group Finance Department invests the remaining funds in instruments of the appropriate maturity or sufficient liquidity such as time deposits, money market deposits, and marketable securities to meet the aforementioned forecasts and to provide a sufficient level of flexibility in cash flow management. As of December 31, 2023 and 2022, the Company held time deposits and bonds with repurchase agreements (recorded as “cash and cash equivalents” and “financial assets at amortized cost”) totaling \$1,489,633 and \$1,028,568, respectively, which are expected to generate immediate cash flows to address liquidity risk.

- C. The unused borrowing limits of the company were NT\$500,000 and NT\$510,000 respectively, as of December 31, 2023 and 2022, respectively.
- D. The following table presents the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date; derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

2023/12/31	Less Than 3 Months	3 Months to 1 Year	1 Year to 2 Years	2 Years to 5 Years	More Than 5 Years
<u>Non-derivative</u>					
<u>Financial Assets:</u>					
Accounts Payable	\$691,515	\$ -	\$ -	\$ -	\$ -
Other Payables	126,978	-	-	-	-
Lease Liabilities	793	1,363	1,139	3,417	26,195
2022/12/31	Less Than 3 Months	3 Months to 1 Year	1 Year to 2 Years	2 Years to 5 Years	More Than 5 Years
<u>Non-derivative</u>					
<u>Financial Assets:</u>					
Accounts Payable	\$ 430,214	\$ -	\$ -	\$ -	\$ -
Other Payables	141,431	-	-	-	-
Lease Liabilities	793	2,380	2,156	3,417	27,334
Bonds Payable	-	300,000	-	-	-

(3) Information on Fair Value

- The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

- Level 1: The quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise at the measurement date. An active market is a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks are classified as such.
- Level 2: The fair value of directly or indirectly observable input values for assets or liabilities, other than those included in the quoted prices in Level 1, are classified as such.
- Level 3: Unobservable input value of an asset or liability. All the Group's investments in equity instruments in which have no active market are classified as such.
2. The carrying amounts of the Company's financial instruments that are not measured at fair value are a reasonable approximation of fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, refundable deposits, short-term loans, notes payable, accounts payable, other payables, lease liabilities, long-term loans (including portion due within one year or one business cycle), bonds payable, and deposits received.
3. Financial and non-financial instruments at fair value are classified by the Group based on the nature, characteristics, and risks of the assets and liabilities and the level of fair value, and the related information are as follows:
- (1) The Company classifies assets and liabilities according to their nature, and the related information is as follows:

2023/12/31	Level 1	Level 2	Level 3	Total
Assets				
<u>Repeatabe</u>				
<u>Fair Value</u>				
Financial				
Assets at Fair				
Value Through				
Profit or Loss				
Equity				
Instruments	\$ 223,529	\$ -	\$ -	\$ 223,529
Financial				
Assets at Fair				
Value Through				
Other				
Comprehensive				
Income				
Equity				
Instruments	-	-	26,951	26,951
Total	<u>\$ 223,529</u>	<u>\$ -</u>	<u>\$ 26,951</u>	<u>\$ 250,480</u>

2022/12/31	Level 1	Level 2	Level 3	Total
Assets				
<u>Repeatability</u>				
<u>Fair Value</u>				
Financial				
Assets at Fair				
Value Through				
Profit or Loss				
Equity				
Instruments	\$ 91,254	\$ -	\$ -	\$ 91,254
Convertible				
Bond				
Redemption				
Right	-	-	30	30
Financial				
Assets at Fair				
Value Through				
Other				
Comprehensive				
Income				
Equity				
Instruments	-	-	30,253	30,253
Total	<u>\$ 91,254</u>	<u>\$ -</u>	<u>\$ 30,283</u>	<u>\$ 121,537</u>

(2) The methods and assumptions used by the Company to measure fair value are described below:

- A. The Company uses quoted market prices for fair value input values (i.e. Level 1), which are broken down by the characteristics of the instrument as follows:

	<u>Stock of Listed</u>
	<u>Companies on the</u>
	<u>TWSE (TPEX)</u>
Market Quotations	Closing Price

- B. Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained by valuation techniques or by reference to quoted prices from counterparties. Fair values obtained through valuation techniques may be calculated by reference to the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available on the consolidated balance sheet date (e.g., TPEX yield curves, Reuters average quoted commercial paper rates).

4. There was no transfer between Level 1 and Level 2 in 2023 and 2022
5. The following table shows the changes in Level 3 for 2023 and 2022.

	2023	
	Equity Instruments	Redemption/Sale Rights of Convertible Bonds
January 1	\$ 30,253	(\$ 30)
Gain Recognized in Profit or Loss	-	30
Loss Recognized in Other Comprehensive Income	(2,128)	-
Capital Reduction by Refunding of Stock Payment	(1,174)	-
December 31	<u>\$ 26,951</u>	<u>\$ -</u>
Changes in Unrealized Gains or Losses Included in Profit or Loss on Assets and Liabilities Held at the End of the Period (Note)	<u>\$ -</u>	<u>\$ 30</u>

Note: Listed as Non-operating Income and Expenses

	2022	
	Equity Instruments	Redemption/Sale Rights of Convertible Bonds
January 1	\$ 38,700	\$ 1,440
Gain Recognized in Profit or Loss	-	(1,470)
Loss Recognized in Other Comprehensive Income	(7,988)	-
Capital Reduction by Refunding of Stock Payment	(459)	-
December 31	<u>\$ 30,253</u>	<u>(\$ 30)</u>
Changes in Unrealized Gains or Losses Included in Profit or Loss on Assets and Liabilities Held at the End of the Period (Note)	<u>\$ -</u>	<u>(\$ 1,470)</u>

Note: Listed as Non-operating Income and Expenses

6. Quantitative information regarding significant unobservable input values from valuation models used for Level 3 fair value measurements and sensitivity analysis of changes in significant unobservable input values are described below:

	Fair Value on December 31, 2023	Valuation Techniques	Significant Unobservable Input Values	Range (Weighted Average)	Input Values and Fair Value Relationship
Non-derivative Equity Instruments:					
Stock of Non-listed Companies	\$ 26,951	Net Asset Value Method	Not Applicable	-	Not Applicable
	Fair Value on December 31, 2022	Valuation Techniques	Significant Unobservable Input Values	Range (Weighted Average)	Input Values and Fair Value Relationship
Non-derivative Equity Instruments:					
Stock of Non-listed Companies	\$ 30,253	Net Asset Value Method	Not Applicable	-	Not Applicable
Non-derivative Debt Instruments:					
Convertible Bonds	30	Binary Free Valuation Model	Volatility	48.12%	The higher the stock price volatility, the higher the fair value.

7. The Company has carefully evaluated the valuation models and valuation parameters selected by the Group, but when different valuation models or valuation parameters are used, the results of the valuation may differ. For financial assets and financial liabilities classified as Level 3, the effect on profit or loss or other comprehensive income if the valuation parameters are changed, there will be no significant impact.

13. Additional Disclosures

(1) Information on Material Transactions

1. Loaning of Funds to Others: Please refer to Exhibit 1.
2. Guarantees and Endorsements for Others: None.
3. Marketable Securities Held at the End of the Period (excluding investments in subsidiaries, affiliates, and joint ventures): Please refer to Exhibit 2.
4. Accumulated Purchases or Sales of the Same Marketable Securities Amounting to at Least NT\$300 Million or 20% of the Paid-in Capital: None.
5. Acquisition of Real Estate Amounting to at Least NT\$300 Million or 20% of the Paid-in Capital: None.

6. Disposal of Real Estate Amounting to at Least NT\$300 Million or 20% of the Paid-in Capital: None.
7. Purchase From or Sale to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: Please refer to Exhibit 3.
8. Receivables From Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: Please refer to Exhibit 4.
9. Derivative Financial Instrument Transactions: Please refer to Notes 6 (2) 、(11) and 6 (12) for details.
10. Business Relationships and Significant Intercompany Transactions Between the Parent Company and its Subsidiaries and Between Subsidiaries: Please refer to Exhibit 5.

(2) Information on Investees

Names and Locations of Investees (excluding those in Mainland China): Please refer to Exhibit 6.

(3) Information on Investments in Mainland China

1. Please refer to Exhibit 7 for more information on investees in Mainland China.
2. Material Transactions Between the Company and its Investees in Mainland China: (expressed as the un-eliminated amount of purchase and sale transactions with the investees in Mainland China)
 - (1) Purchases:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Net Purchases
Browave (ZhongShan) Corporation	\$ 2,027,296	67%

The Company directly purchases goods from Browave (ZhongShan) Corporation. The purchase price is based on the cost of materials plus the related processing cost, and the payment terms are 30 days after the monthly cut-off day.

(2) Sales:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Net Sales
Browave (ZhongShan) Corporation	\$ 900,928	33%

The selling price of the Company's sales to Browave (ZhongShan) Corporation is based on cost and the collection terms are 60 days after the monthly cut-off day.

(3) Accounts Receivable:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Accounts Receivable
Browave (ZhongShan) Corporation	\$ 83,840	15%

(4) Other Receivables

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Other Receivables
Browave (ZhongShan) Corporation	\$ 1,678	45%

(5) Accounts Payable:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Accounts Payable
Browave (ZhongShan) Corporation	\$ 258,959	38%

(6) Advance Receipts:

Investee in Mainland China	2023	
	Amount	As a Percentage of the Company's Other Receivables
Browave (ZhongShan) Corporation	\$ 26,842	100%

(7) Property Transactions:

As of December 31, 2023, the unrealized gain on disposal of fixed assets among affiliates was \$383.

Investee in Mainland China	2023		
	Counterparty	Disposal price	Gain or Loss on Disposal
Browave (ZhongShan) Corporation	Mechanical Equipment	\$ 474	\$ -

(8) Endorsement and Guarantee With Notes and Provision of Collateral: None.

(9) Financial Accommodations: None.

(10) Other Transactions That Have a Significant Impact on Profit or Loss for the Period or Financial Position: None.

(4) Information on Major Shareholders

Information on the Names, Amounts, and Percentage of Shareholders Holding More Than 5% of the Issuer's Equity: None.

14. Operating Segment Information

Not applicable.

Browave Corporation
Loaning of Funds to Others
January 1 to December 31, 2023

Unit: In thousands of NTD
(Except as otherwise indicated)

Number	Company That Loans Funds to Others	Loan Recipient	Business Dealings	Related Party or Not	Maximum Amount For the Period	Balance at the End of the Period	Actual Amount Drawn	Interest Rate Range	Nature of Funds Loaning (Note 1)	Amount of Business Dealings	Reasons For the Necessity of Short-term Financial Accommodation	Provision of Allowance For Doubtful Accounts	Collateral		Limit of Funds Loaning For an Individual Party (Note 2)	Limit of Funds Loaning For Total Amount (Note 2)	Remarks
													Name	Price			
0	Browave Corporation	Browave (Philippines) Corporation	Other Receivables	Yes	\$64,850	\$61,410	\$ -	6%	2	\$ -	For Short-term Operating Capital Turnover	\$ -	None	\$ -	\$261,790	\$523,579	
1	Browave Holding Inc.	Browave (Philippines) Corporation	Other Receivables	Yes	\$93,765	\$92,115	\$92,115	0%	2	\$ -	For Short-term Operating Capital Turnover	\$ -	None	\$ -	\$364,042	\$364,042	

Note 1: Fill in the nature of the funds loaning as follows:

- (1). For those with which the Company has business dealings, enter 1.
- (2). For those who have the necessity of short-term financial accommodation, enter 2.

Note 2: Limits of funds loaning for total amount and for an individual party:

1. Browave Corporation

- (1). If short-term financial accommodation is necessary, the total funds loaning shall not exceed 20% of the Company's net worth, and the amount of individual funds loaning shall not exceed 10% of the Company's net worth.
- (2). If the Company engages in the loaning of funds for business dealings, the total funds loaning shall not exceed 10% of the Company's net worth, and the amount of individual funds loaning shall not exceed the amount of business dealings between the two parties.
The amount of business dealings refers to the higher of the amount of purchases or sales made between the Company and the other party in a year or in the current year up to the time the funds are loaned to the other party.
- (3). The loaning of funds between the foreign companies of which the Company directly and indirectly holds 100% of the voting shares shall not exceed 20% of the Company's net worth.

2. Browave Holding Inc

- (1). If short-term financial accommodation is necessary, the total funds loaning shall not exceed 40% of the Company's net worth, and the amount of individual funds loaning shall not exceed 40% of the Company's net worth.
- (2). If the Company engages in the loaning of funds for business dealings, the total funds loaning shall not exceed 10% of the Company's net worth, and the amount of individual funds loaning shall not exceed the amount of business dealings between the two parties.
The amount of business dealings refers to the higher of the amount of purchases or sales made between the Company and the other party the twelve months prior the funds are loaned to the other party.
- (3). The loaning of funds between the foreign companies of which the Company directly and indirectly holds 100% of the voting shares shall not exceed 100% of the Company's net worth.

Browave Corporation
Marketable Securities Held at the End of the Period (excluding investments in subsidiaries, affiliates, and joint ventures)
December 31, 2023

Unit: In thousands of NTD
(Except as otherwise indicated)

Exhibit 2

Companies Held	Type and Name of Marketable Securities	Relationship With Issuer of Marketable Securities	General Ledger Account in the Book	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Percentage	Information on Fair Value	
Browave Corporation	Stock: FOCI Fiber Optic Communications, Inc.	None	Financial Assets at Fair Value Through Profit or Loss	3,225,526	\$ 223,529	3.27	\$ 223,529	
Browave Corporation	Fund: JAFCO ASIA TECHNOLOGY FUND VIL.P.	None	Financial Assets at Fair Value Through Other Comprehensive Income	-	3,659	0.67	3,659	
Browave Corporation	Stock: Darjun Venture Corporation	None	Financial Assets at Fair Value Through Other Comprehensive Income	2,273,600	23,292	4.80	23,292	

Browave Corporation
Purchase From or Sale to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
January 1 to December 31, 2023

Exhibit 3

Unit: In thousands of NTD
(Except as otherwise indicated)

Purchase (Sale) Company	Name of Counterparty	Relationship	Circumstances of the Transaction				Circumstances and Reasons Why the Trading Terms are Different From Those of Ordinary Transactions		Notes and Accounts Receivable (Payable)		Remarks
			Purchase (Sale) Amount	Amount	As a Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	As a Percentage of Total Notes and Accounts Receivable (Payable)	
Browave Corporation	Browave (ZhongShan) Corporation	Subsidiaries 100% Indirectly Owned by the Company	Purchases	\$1,126,368	37.84%	30 Days After the Monthly Cut-off Day	Note 1	Note 1	(\$ 293,148)	(42%)	Accounts Payable - Related Parties

Note 1: The Group appoints Browave (ZhongShan) Corporation to assemble and process the optical fiber passive components. The trading terms of outsourced processing by related parties are not comparable because no general customers are engaged in the same transactions. The payment terms are 30 days after the monthly cut-off day upon reconciliation, and the payment terms for general vendors are 30 to 90 days after the monthly cut-off day.

Browave Corporation
Receivables From Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
December 31, 2023

Exhibit 4

Unit: In thousands of NTD
(Except as otherwise indicated)

Companies That Listed the Transactions as Accounts Receivable	Name of Counterparty	Relationship	Balance of Receivables From Related Parties	Turnover Rate	Overdue Receivables From Related Parties		Receivables From Related Parties Collected in the Subsequent Period	Provision of Allowance For Doubtful Accounts
					Amount	Handling Method		
Browave (ZhongShan) Corporation	Browave Corporation	Subsidiaries 100% Indirectly Owned by the Company	\$293,148	3.71	\$ -	-	\$100,460	\$ -

Browave Corporation
Business Relationships and Significant Intercompany Transactions Between the Parent Company and its Subsidiaries and Between Subsidiaries
January 1 to December 31, 2023

Exhibit 5

Unit: In thousands of NTD
(Except as otherwise indicated)

Number(Note 2)	Name of Trader	Trading Counterparty	Relationship With the Trader (Note 2)	Circumstances of the Transaction and Dealing			As a Percentage of Consolidated Total Revenue or Total Assets (Note 3)
				General Ledger Account	Amount	Trading Terms	
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Purchases:	\$ 1,126,368	Subject to General Trading Terms	40.53%
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Accounts Payable	293,148	Subject to General Trading Terms	8.23%
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Advance Receipts	26,842	Subject to General Trading Terms	0.75%
0	Browave Corporation	Browave (Philippines) Corporation	1	Purchases:	36,972	Subject to General Trading Terms	1.33%
0	Browave Corporation	Browave (Philippines) Corporation	1	Accounts Payable	19,524	Subject to General Trading Terms	0.55%

Note 1: Information on business dealings between the parent company and subsidiaries should be indicated in the number column respectively, and the number should be filled in as follows:

- (1). Fill in 0 for parent company.
- (2). Subsidiaries are numbered sequentially from Arabic numeral 1 by company.

Note 2: The relationship with the traders is classified into three types as follows (the same transaction between the parent and a subsidiary or between subsidiaries is not required to be disclosed repeatedly. For example, if the parent company discloses a transaction with a subsidiary, the subsidiary is not required to disclose the transaction repeatedly; if a subsidiary discloses a transaction with a subsidiary, the other subsidiary is not required to disclose the transaction repeatedly.).

- (1). Parent Company to Subsidiary
- (2). Subsidiary to Parent Company
- (3). Subsidiary to Subsidiary.

Note 3: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenue in the case of profit or loss.

Browave Corporation
Names and Locations of Investees (Excluding Those in Mainland China)
January 1 to December 31, 2023

Exhibit 6

Unit: In thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main Businesses	Original Investment Amount		Holding at the End of the Period			Profit or Loss of the Investee For the Period	Investment Income or Loss Recognized in the Period	Remarks
				End of the Period	End of Last Year	Number of Shares	Percentage	Carrying Amount			
Browave Corporation	Browave Holding Inc,	British Virgin Islands	Investment	\$ 677,760	\$ 677,760	20,360,000	100	\$ 910,105	(\$ 9,209)	(\$ 9,209)	
Browave Corporation	Browave (Philippines) Corporation.	Philippines	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	164,395	54,509	300,000,000	100	89,823	(73,715)	(73,715)	

Browave Corporation
Information on Investments in Mainland China - Basic Information
January 1 to December 31, 2023

Unit: In thousands of NTD
(Except as otherwise indicated)

Exhibit 7

Investee in Mainland China	Main Businesses	Paid-in Capital	Investment Method(Note 1)	Accumulated Investment Amount Remitted From Taiwan at the Beginning of the Period	Remitted or Recovered Investment Amount in the Period		Accumulated Investment Amount Remitted From Taiwan at the End of the Period	Profit or Loss of the Investee For the Period	Shareholding Percentage of the Company's Direct or Indirect Investment	Investment Income or Loss Recognized in the Period (Note 2)	Carrying Amount of Investments at the End of the Period	Investment Income Remitted as of the End of the Period	Remark
					Outward Remittance	Recovery							
Browave (ZhongShan) Corporation.	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	\$ 795,439	2	\$ 795,439	\$ -	\$ -	\$ 795,439	(\$ 11,279)	100	(\$ 11,279)	\$ 693,326	\$ -	
Company Name	Accumulated Investment Amount From Taiwan to Mainland China at the End of the Period	Investment Commission, Ministry of Economic Affairs Approved Investment Amount	Limit of Investments in Mainland China Imposed by the Investment Commission, Ministry of Economic Affairs (Note 3)										
Browave Corporation	\$ 795,439	\$ 795,439	\$ 1,570,738										

Note 1: The investment methods can be divided into the following three types, and just indicate as such:

- (1). Invest in Mainland China directly.
- (2). Invest in Mainland China through a company in third regions (Browave Holding INC.).
- (3). Other method.

Note 2: The financial statements audited and attested by the attesting CPAs of the parent company in Taiwan.

Note 3: The limit of investment in accordance with the provisions of the letter (2001) Tai-Cai-Zheng (I) No. 006130 by the Investment Commission.

Browave Corporation

1. Statement of cash and cash equivalents

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash and Petty cash		
Petty cash-NTD		\$ 10
Cash on hand- NTD		21
Cash in banks		
Demand deposits-NTD		15,216
Demand deposits- Foreign currency	USD 2,019 thousand@ 30.705	61,997
	JPY 163,563 thousand@ 0.2172	35,526
	EUR 64 thousand@ 33.98	2,160
Time deposits-NTD	Expired by 2024.02.02	122,200
Time deposits-Foreign currency	USD 4,300 thousand@ 30.705, Expired by 2024.01.22	132,032
Repurchase agreements	USD 4,600 thousand@ 30.705, Expired by 2024.01.10	141,243
Total		<u>\$ 510,405</u>

Browave Corporation

2. Statement of financial assets and financial liabilities at fair value through profit or loss - current

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

The name of Financial Instruments	Description	Units	Par Value	Book value	Rate	Acquisition Cost	Fair Value		Fair value changes attributable to credit risk changes	Remarks
							Unit price	Amount		
Stock-FOCI Fiber Optic Communications, Inc.	NA	3,225,526 shares	NTD 10	\$ 223,529	NA	\$ 116,825	\$ 69.3	\$ 223,529	\$ -	

Browave Corporation

3. Statement of financial assets measured at amortized cost – current

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Financial Instruments	Description	Units	Par Value	Amount	Rate	Book value
Time deposits	Time deposits over three months	NA	NA	<u>\$ 1,094,158</u>	1.10%~5.68%	<u>\$ 1,094,158</u>

Browave Corporation

4. Accounts Receivable

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Customer Name	Description	Amount	Note
<u>Regular Customers</u>			
Customer C		\$ 185,896	
Customer J		136,168	
Customer F		35,068	
Customer E		24,695	
Others			The amount of individual client does not exceed 5% of the account balance.
		78,222	
		<u>\$ 460,049</u>	

Browave Corporation

5. Inventories

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Description	Cost	Net Realizable Value	Note
Raw materials		\$ 63,205	\$ 52,787	Replacement Cost of market price
Work in process		43,552	42,551	Net Realizable Value of market price
Finished goods		37,395	42,380	Net Realizable Value of market price
		<u>144,152</u>	<u>\$ 137,718</u>	
Less:				
Allowance for inventory valuation losses		(22,207)		
		<u>\$ 121,945</u>		

Browave Corporation

6. Change in investments accounted for equity method

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Name of Securities	As of January 1, 2023		Additions and decrease in Period				Ending Balance			Net Assets Value or Fair Value		Collateral	Remarks
	Shares (In Thousands)	Amount	Shares(In Thousands)	Amount (Note1)	Investment loss	Exchange differences arising on translation of foreign operations	Shares (In Thousands)	Shareholding%	Amount	Unit price(Note2)	Total Amount		
Browave Holding Inc.	20,360	\$930,431	-	\$ 238	(\$ 9,209)	(\$ 11,355)	20,360	100%	\$910,105	44.70	\$910,105	None	
Browave (Philippines) Corp.	100,000	51,134	200,000	109,887	(73,715)	2,517	300,000	100%	89,823	0.30	89,823	None	
		<u>\$981,565</u>		<u>\$110,125</u>	<u>(\$ 82,924)</u>	<u>(\$ 8,838)</u>			<u>\$999,928</u>		<u>\$999,928</u>		

Note1: Recognition of changes in unrealized gains and losses.

Note2: Invested companies evaluated using the equity method are based on net value for market value, and negative net values will not be disclosed.

Browave Corporation

7. Accounts Payable

DECEMBER 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Supplier Name	Description	Amount	Note
Supplier D		\$ 268,176	
Supplier G		33,427	
Supplier H		23,758	
Supplier I		22,487	
Others		30,995	The amount of individual client does not exceed 5% of the account balance.
Total		<u>\$ 378,843</u>	

Browave Corporation

8. Statement of operating revenue

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Units (Piece)	Amount	Note
Net operating revenues			
Fiber-Optic communication Module	10,797 thousands	\$ 2,774,502	
Less: Sales Returns and Allowances		(11,128)	
Total		<u>\$ 2,763,374</u>	

Browave Corporation

9. Statement of operating costs

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Description	Amount
Raw material, beginning of year	\$	56,216
Add: Raw material purchase		2,133,686
Less: Raw material, end of year	(63,205)
Transferred to operating expenses	(2,815)
Sale of raw materials	(882,572)
Raw material used		1,241,310
Manufacturing overheads		68,231
Manufacturing cost		1,309,541
Add: work in process, beginning of year		32,292
Less: work in process, end of year	(43,552)
Transferred to operating expenses	(60)
Cost of Finished Goods		1,298,221
Add: Finished goods, beginning of year		55,618
Less: Finished goods, end of year		135
Transferred to operating expenses	(37,395)
Subtotal		1,316,579
Sale of direct material and semi-finished products		882,572
Reversal of inventory valuation losses	(3,583)
Costs of goods sold	\$	2,195,568

Browave Corporation

10. Statement of selling expenses

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remarks
Payroll expenses		\$ 30,747	
Shipping expenses		15,325	
Others		10,463	The amount of individual client does not exceed 5% of the account balance.
Total		<u>\$ 56,535</u>	

Browave Corporation

11.Statement of administrative expenses

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remarks
Payroll expenses		\$ 38,243	
Professional expenses		16,238	
Depreciation expense		5,974	
Others		33,791	The amount of individual client does not exceed 5% of the account balance.
Total		<u>\$ 94,246</u>	

Browave Corporation

12.Statement of research and development expenses

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remarks
Payroll expenses		\$ 56,143	
Depreciation expense		13,132	
Miscellaneous Utensils		5,580	
Indirect materials		5,737	
Others		17,050	The amount of individual client does not exceed 5% of the account balance.
Total		<u>\$ 97,642</u>	

Browave Corporation

13.Summary of employee benefits, depreciation and amortization, by function

January 1 to December 31, 2023 and 2022

(Unit: In Thousands of New Taiwan Dollars)

By function By item	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Payroll expenses	\$ 32,940	\$ 125,133	\$ 158,073	\$ 52,700	\$ 145,227	\$ 197,927
Labor and health insurance	2,561	9,668	12,229	3,507	7,995	11,502
Pension	1,142	4,151	5,293	1,554	4,044	5,598
Remuneration of directors	-	20,965	20,965	-	23,472	23,472
Others	2,611	5,920	8,531	3,421	5,984	9,405
Depreciation	6,174	19,743	25,917	12,332	21,757	34,089
Amortization	1,743	465	2,208	2,906	747	3,653

Note :

- As of December 31, 2023 and 2022, the Company had 145 and 156 employees, respectively. There were 8 and 7 non-employee directors, respectively.
- Company whose stock is listed on a stock exchange or traded on an OTC market shall additionally disclose the following information:
 - Average employee benefits for the year ended December 31, 2023 was NT\$1,344 thousand.
Average employee benefits for the year ended December 31, 2022 was NT\$1,506 thousand.
 - Average salaries for the year ended December 31, 2023 was NT\$1,154 thousand.
Average salaries for the year ended December 31, 2021 was NT\$1,328 thousand
 - Changes of adjustments of average salaries was-13.10%

(To be continued)

Browave Corporation

Summary of employee benefits, depreciation and amortization, by function (Countined)

January 1 to December 31, 2023 and 2022

(4) The Corporation's remuneration policies are as follows:

A. Directors :

According to our company's by-laws, directors are entitled to receive compensation while performing their duties, regardless of whether the company is profitable or not. The board of directors is authorized to refer to the recommendations of the compensation committee and other industry standards for payment. If the company is profitable (i.e. profit before tax deduction for employee and director compensation), the board of directors may distribute director compensation up to 3% of the annual profit, as determined by the board of directors. However, if the company has accumulated losses, they must be compensated first.

B. The managers and employees :

1. Fixed salary: Reference to industry salary standards and internal job responsibilities and accountability to achieve moderate external competitiveness and internal balance.
2. Bonuses : Including performance bonuses and rewards. These are determined based on the company and team's operational performance and individual performance, to strongly link short-term incentives to performance.
3. Remuneration : Considering departmental operational performance and individual performance, the determination of incentives is linked not only to retaining key talent, but also to future risks, in order to promote the company's long-term development.
4. Benefits : Provide convenience and protection for managers and employees in their daily lives.