

Browave Corporation and Subsidiaries
Consolidated Financial Statements and Independent
Auditors' Report
2023 and 2022
(Stock Code 3163)

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

TEL: (03)563-0099

The reader is advised that parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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	<u>\$ 92,001</u>	<u>\$ 22,448</u>
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	<u>\$ 435,782</u>	<u>\$ 77,469</u>	<u>\$ 5.63</u>
<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	<u>\$ 438,443</u>	<u>\$ 81,050</u>	<u>\$ 5.41</u>

	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		
January1	\$ 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			

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

Exhibit 1

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