



Auden Techno Corporation
PERFECT STATUS, ALWAYS SEEKS FOR THE BETTER

2023

Annual Report

Stock Code : 3138



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V. Foreign securities listing : None

VI. Corporate website : <http://www.auden.com.tw>

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One. Letter to Shareholders

Dear Shareholders,

Despite global challenges such as inflation and rising financing costs, Auden Techno has successfully navigated these difficulties and was recognized as one of Forbes magazine's "Best Under A Billion" companies for 2023. At the same time, Auden Techno continues to leverage the growth in the wireless communication industry and the increasing application of its products by deepening its focus on the integration of hardware and software technologies in mobile communication, satellite communication, and the biomedical field. In the same year, we were honored with the Ministry of Economic Affairs' 8th National Industrial Innovation Award for Outstanding Innovative Enterprises (SME category), while actively expanding our market to enhance operational momentum.

Auden Techno's commitment to sustainability and information security is commendable. Conducting greenhouse gas verifications in alignment with ISO 14064-1:2018 demonstrates a dedication to transparency and accountability in environmental impact assessment. Moreover, obtaining ISO 27001:2013 certification underscores Auden Techno's prioritization of robust information security measures, safeguarding sensitive data and ensuring operational resilience. By adhering to international standards, Auden Techno not only enhances its competitiveness but also reinforces its commitment to stakeholders and sustainable corporate practices. This holistic approach reflects a forward-thinking ethos that prioritizes both environmental stewardship and data security, contributing to long-term business resilience and societal well-being.

In the foreseeable future, Auden Techno aims to position itself as a pioneer in RF technology within the wireless communication sector, dedicated to shaping a more streamlined and accessible wireless future. We are steadfast in our dedication to upholding sustainable management principles, with a focus on advancing the long-term interests of our stakeholders – including shareholders, customers, and employees – while concurrently fostering sustainable corporate value.

I. The Operating Performance

(I) The implementation of the business plan

Our company primarily engages in the field of wireless communications and related products, focusing on high-tech and high value-added products. We continuously invest in research and development to enhance our R&D capabilities, ensuring we maintain excellent competitiveness. In addition to continuing to explore new technologies and products with market potential, we are also advancing the commercialization of new products, which will drive growth for our operations.

In 2023, we face multiple challenges, including global geopolitical conflicts, the post-pandemic, and a slowdown in the global economy. These factors contribute to ongoing uncertainty and risk for business operations. In response, our company not only continues to focus on product and technology investments but also emphasizes enhancing the overall flexibility and risk management of our operations to navigate through an environment of high uncertainty and business risks.

However, despite the continued intensification of operation challenges, the company has managed to achieve consistently strong results, thanks to the unremitting efforts of all colleagues. Consolidated operating income of the company in 2023 was NT\$1,779,638 thousand, an increase of 3.59% compared with NT\$1,718,039 thousand in 2022; net income of the consolidated period in 2023 was NT\$205,759 thousand, an decrease of 36.41% compared with NT\$323,589 thousand in 2022 basic earnings per share in 2023 was NT\$4.42

(II) Budget implementation

The Company has not provided a financial forecast for 2023, so it is not applicable.

(III) Analysis of receipts, expenditures, and profitability

Unit: In thousands of New Taiwan Dollar

Item \ Annual	2022	2023
Operating Revenue	1,718,039	1,779,638
Gross Profit on sale	693,824	778,060
Operating expenses	597,897	550,824
Operating Income	95,927	227,236
Non-operating income and expenses	306,070	41,898
Profit before tax	401,997	269,134
Net Profit	323,589	205,759
Net Profit (attributable to the parent company)	320,777	206,407
Total Comprehensive Income for the year	321,398	196,090
Return on Equity	21.70	12.59
Net Profit Margin	18.83	11.56
Earnings per Share (After-tax)/NT\$	6.89	4.42

II. The Operating Prospect

Antenna system

Antenna is our company's core technology and the main source of revenue and profit. Rely on long-term investment in technology and R&D. We have successfully developed a range of array antenna products, including low-orbit satellite array antennas and FR2 (39G/28G) array antennas. We will continue to invest in both hardware and software technology to enhance our technical strength and market competitiveness. Our accumulated core technology and R&D achievements position us to seize business opportunities in 5G mobile communications and low-orbit satellite communications.

Sales of measurement equipment

Our measurement equipment business primarily comes from agent Switzerland Company SPEAG, which specializes in Specific Absorption Rate (SAR) measurement equipment. Auden provides after-sales service and technical support for these products on behalf of the manufacturer. Since this product has market exclusivity and continues, generate stable revenue and profit to our business. In the future, in addition to maintaining the market share of the agency products, we will actively seek to represent other marketable and edge-cutting equipment to create another revenue growth.

Testing and certification services for wireless communication network

After years of development, communications verification has become mature. Recognizing the future potential of Open Radio Access Network (ORAN), we established the world's first independent third-party ORAN verification laboratory three years ago. This lab helps clients address performance and compliance requirements from the development to the launch of open base stations, extending to new topics like cybersecurity and energy conservation. It aims to provide a one-stop comprehensive testing service, paving the way to 6G communications.

III. The influence of industry external competition environment, legal environment and overall operating environment

External Competitive Environment

Looking ahead to 2024, the communications industry is undergoing remarkable transformations and innovations. 5G technology is maturing and entering commercial operation, while the vision and application scenarios for 6G are gradually taking shape. In mobile communications, the integration of open architecture, low-earth orbit satellites, edge computing, artificial intelligence, and the Internet of Things is ushering the global networking industry into a new era of greater speed, intelligence, and stability.

As network communication technology evolves and globalization accelerates, the networking industry faces a complex competitive landscape. In terms of competition, competitors and related companies are exploring new antenna technologies like direct-to-satellite communication, broadband satellite communication, and 6G. To stay ahead, Auden Technology continues to enhance its technical expertise and expand its patent portfolio. Additionally, Auden collaborates with international and domestic clients and fosters cross-industry partnerships with academia to develop next-generation antenna products. As a brand, Auden positions itself as a key technology partner for international manufacturers in antenna design, aiming to maintain a competitive edge and solidify its market position in this challenging environment.

Regulatory and Macroeconomic Environment

The communications industry is shaped by various factors, including political, economic, social, and technological influences. Government policies and regulations, along with the development of industry standards, have a profound impact on the mobile communications sector. Governments support and regulate this industry through spectrum allocation and licensing, network construction subsidies, and equipment testing and certification.

Standardization efforts, like those led by 3GPP, and spectrum planning are key. These activities drive the analysis and assessment of spectrum resources, including available bands, allocation, and usage efficiency. These factors, in turn, impact product testing standards, significantly affecting the network communications industry's development.

The 5G Open Radio Access Network (O-RAN) and low Earth orbit satellite industries are highly influenced by global standards organizations and regional regulatory bodies, such as ITU, 3GPP, the O-RAN Alliance, and regional regulators like the FCC. Monitoring industry regulations is crucial for planning satellite products and services. In response, Auden closely observes global market trends and regulatory policies to ensure compliance with regulations and market development for emerging products and services. The company collaborates with international clients, strategic partners, and government resources to maintain flexibility in its business model to navigate the challenging market environment.

IV. Future Development Strategy

With the growing trends in the wireless communication industry and the increasing application of its products, Auden will continue to focus on mobile communications, high-frequency communications, and biomedical fields, along with AI-related product applications and software-hardware technology integration. It will also actively explore new markets to enhance operational momentum.

Direction of the company's product and technology development

- With communication technology as the main focus, we continue to construct RF, SAR, Bio-magnetic and other software and hardware integration technologies.
- Use the mmWave technology and products as a new growth driver, targeting low Earth orbit satellite user terminals (UT) and telecom-grade O-RUs opportunity.
- Center research and development around mobile communications, high-frequency communications, and biomedical markets, creating highly competitive wireless RF communication products.
- Cultivate cross-domain technology and product integration and testing capabilities to maintain a leading edge in wireless communication products.

Continue providing customers with end-to-end services, from product planning and R&D design to mass production and market certification. Build a one-stop integration service to shorten customer development timelines, and accelerate product time-to-market.

Chairman : Chang, Yu-Pin

Manager : Chang, Yu-Pin

Chief Accountant : Wen, Wen- Sheng

Two. Company profile

I. Date of establishment

February 10,1990

II. Company History

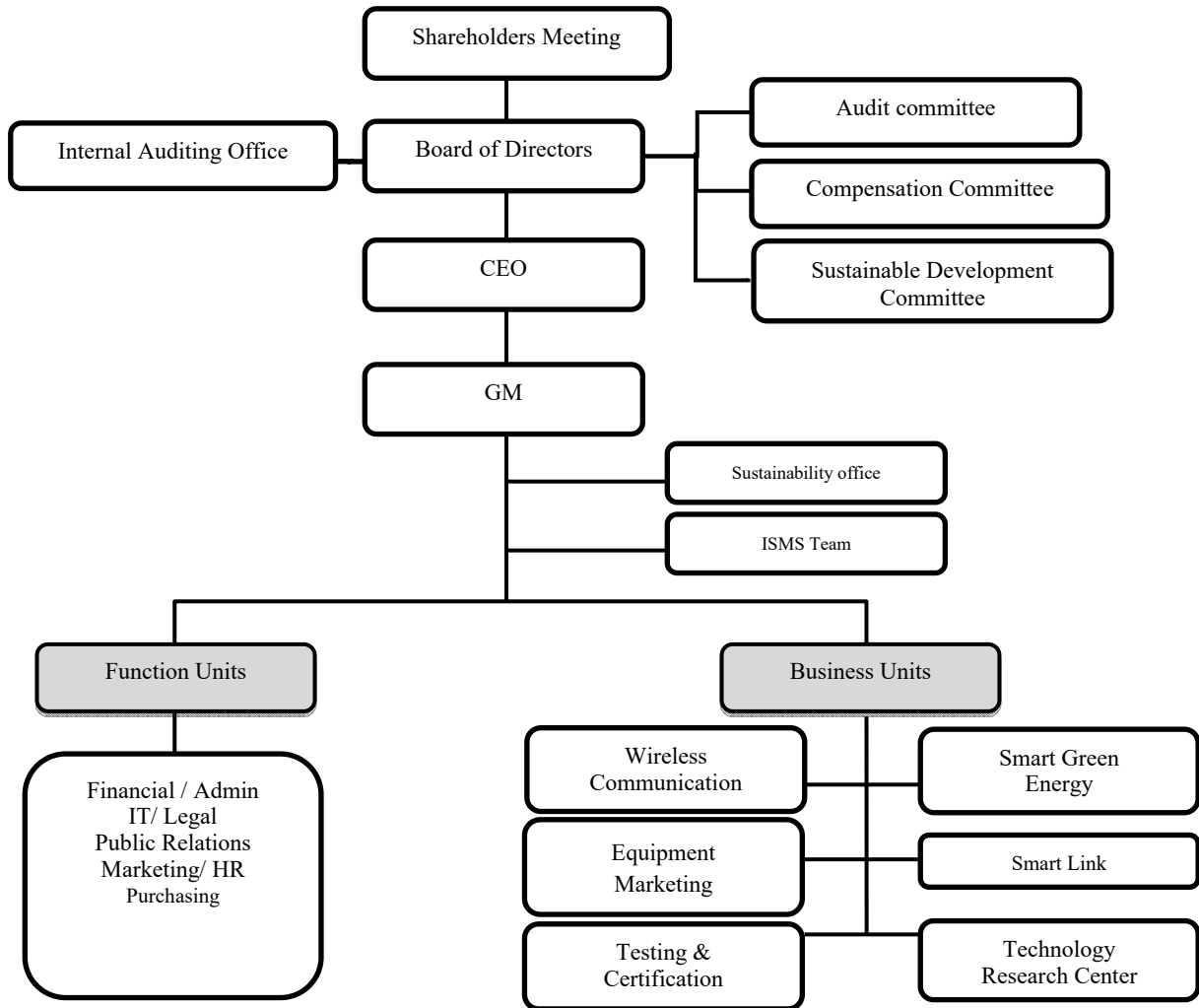
- | | |
|------|---|
| 1990 | ● Renamed and Officially Registered |
| 1996 | ● Got ISO 9002 Certification |
| 1998 | ● Got ISO 9001 Certification |
| 2000 | ● Became Schmid & Partner Engineering AG (SPEAG) Agent for SAR Certification System · Set Up Distribution Business and First Adopted into Taiwan & China Market
● First Approved Project of the Program of Development of New Leading Products by Ministry of Economic Affairs (Internal Multi-Frequency Mobile Phone Antenna Development Plan)
● First SAR Lab in Taiwan · and entrusted by MOTC (now NCC) to Develop Regulations
● First 11.a Wi-Fi Patch Antenna Provider to Symbol |
| 2001 | ● Get ISO 14001 Certification
● Established Antenna Manufacturing Base in Kunshan, China |
| 2003 | ● Established a JV Test Lab with China Government TMC in Shanghai, China |
| 2004 | ● Get ISO 17025 Certification_Testing And Calibration Laboratory |
| 2006 | ● First CTIA OTA Lab in Taiwan
● The World's smallest 5-Band Miniaturized Antenna Design Solution into Market |
| 2007 | ● Verified Lab by Vodafone |
| 2008 | ● Verified Lab by Motorola |
| 2011 | ● Established Distribution Business in Shanghai China
● Verified Lab by Nokia |
| 2012 | ● Approved from DOIT Ministry of Economic Affairs in Industrial Technology Foresight Research Program to Set Up Foresight Research Center
● Approved by NCC & TAF as a Regulatory Certification Body (RCB) |
| 2013 | ● Established Test Business in Xi'an China |
| 2014 | ● Approved 4G Project of the Development of New Leading Products Program, DOIT Ministry of Economic Affairs
● Grant 4G LTE Testing Certification Qualifications In Taiwan |
| 2016 | ● Awarded SME CSR, Asia Responsible Entrepreneurship Awards, known as the 『Perseverance Nobel Prize』 |
| 2017 | ● Built Up Advanced mmW 10-110GHz Power Density Measurement System |
| 2018 | ● All-Round Developing mmW Antenna Module Designing 、 5G Test Solutions 、 5G Modulation Measurement Systems for FCC Regulations
● Verified Lab by Lenovo
● The Member of 5G Industrial Innovation & Development Alliance
● Established ATest Lab Techno Corp. |
| 2019 | ● Approved 5G Project of A+ Industrial Innovation R&D Program · DOIT Ministry of Economic Affairs
● Granted the Certificate for IATF 16949:2016 Automotive Quality Management System Standard
● Verified Lab by Xiaomi
● Built Up mmW Compact Rang OTA Testing Lab
● the First 5G mmW 28GHz & 39GHz Single-Polarization AiP Module in Taiwan |
| 2020 | ● Became WHALETEQ Agent for Test Solutions for Vital Signs Medical Devices |

- 5G mmW 39 & 28GHz Dual-Polarization AiP Module
- Grant TAF & PLMN12 5G NR Testing Certification Qualifications
- Auden Techno Corp. IPO
- 2021 ● Established Auray Technology Corp.
- Awarded O-RAN Alliance Recognition Medal for Active Host O-RAN Global PlugFest 2021, the Corporate Participants the Most, as well as the Completed Test Cases is the Most
- World No.1 Open Testing and Integration Centre (OTIC) Third-Party Testing Lab Approved by the O-RAN Alliance, and the Only One OTIC Lab in Asia
- Verified Lab by Chunghwa Telecom
- Set up the first 5G ORAN Testing Lab that Meets O-RAN Alliance Specifications and Has Security Testing Capabilities in Taiwan
- 2022 ● Host O-RAN Alliance Global PlugFest 2022
- Launch 5G O-RAN mmWave RF Front-End Module
- Develop Biomedical Simulation Service for Precision Medicine
- Approved B5G/6G Project of Thematic R&D Program of Industry Innovation Platform Program, MOEA
- Recognized by the O-RAN Alliance and issued the world's first 5G OPEN RAN certification
- Approved 5G O-RAN Project of Industry Innovation Platform Program, MOEA
- Established Auden intelligence carbon solution Co. Ltd. which provide a Comprehensive solution for net-zero, from GHG inventory consulting to implementation of carbon reduction plans
- 2023 ● Host O-RAN Alliance Global PlugFest 2023
- Groundbreaking Ceremony for the Group Headquarter Smart New Building which complies with the EEWB Green Building Label and Leed Label
- Established 5G O-RAN and Information Security Lab in Kaohsiung
- Got ISO 27001:2013 Certification
- Forbes Asia Best The Region's Top 200 Small and Midsize Companies Under a Billion Awards
- Awarded the 8th National Industrial Innovation Award of MOEA
- Approved MOEA Industrial innovation and R&D Project
- Established a cleanroom SMT automated production line to enhance precision and capacity
- Developed Transmission Technology for Maritime Applications
- Built Up Manufacturing Bases in Vietnam & Dongguan

Three. Corporate governance report

I. Organizational system

(I) Organizational Chart



(II) Business of each main department

Departmental	Job Responsibilities
Internal Auditing Office	Independently evaluate the internal risk control system, review the completeness of the system design and the effectiveness of implementation, to ensure compliance with company policies and procedures and government regulations.
Sustainable Development Office	- Promote the practice of corporate social responsibility, and promote the balance and sustainable development of economy, society and environmental ecology. - Implement and promote corporate governance, safeguard the rights and interests of stakeholders, formulate corporate social responsibility policies, systems or related management guidelines and specific promotion plans.
Sustainability office	- Promote the practice of corporate social responsibility, and promote the balance and sustainable development of economy, society and environmental ecology. - Implement and promote corporate governance, safeguard the rights and interests of stakeholders, formulate corporate social responsibility policies, systems or related management guidelines and specific promotion plans.

Departmental	Job Responsibilities
ISMS Team	● The operation of the information security management system can meet the company's policies and objectives, and confirm its continuous applicability and effectiveness of its operation.
Wireless Communication Unit	● Integrated design of active and passive antenna modules and research, development and innovative implementation of Sub 6GHz related technologies. ● Wireless communication product market development planning, business promotion, customer service, sales and shipment arrangement, performance testing, production planning, quality inspection, supplier management, listing certification and international transfer, after-sales service, collection and inventory management.
Equipment Marketing Unit	● Wireless communication measurement equipment and software tools market development planning, business promotion, customer service, sales and shipment arrangement, after-sales service, payment collection and inventory management.
Testing & Certification Unit	● product compliance and compatibility testing services, product verification services(e.g. 5G O-RAN), international certification services, information security consulting services.
Smart Green Energy Unit	● National renewable energy promotion office maintenance, system promotion, legal research, international links, certificate trading platform maintenance and consulting services.
Smart Link Unit	● Research and development of low-orbit satellite communication and 6G mobile communication technology, millimeter wave AIoT smart IoT technology, and integrated design of high-speed communication products. ● Project services such as biomedical and smart food R&D, raw material and supplier management, mass production, after-sales service, payment collection and inventory management.
Technology Research Center	● Implementation of R&D projects such as research and development of radio frequency products at the telecom central office, integration of forward-looking technologies, and layout of intellectual property patents. ● R&D talent reserve and training.
Functional Unit	● Accounting: drafting, establishing and maintaining financial and accounting management business, investor relationship maintenance and stock affairs related operations. ● Administration: general administration, plant planning, electric power, air-conditioning and water resources maintenance services, facility planning and use management, labor safety and health related operations, environmental protection and green projects. ● Information: drafting, establishing and maintaining enterprise information system planning, information security management, network management and other matters. ● Human resources: formulate, establish and maintain human resource planning, talent training, salary and benefits, and talent retention. ● Legal affairs: drafting, auditing and legal consulting services of the company's various contracts, managing the company's intellectual property related business windows such as patent copyrights, trademarks and technology authorization. ● Public relations: corporate brand and image promotion, topic communication planning and execution, establishment and maintenance of corporate public relations. ● Marketing: The Group's future market strategy research and planning, product technology and business development path planning, strategic new business layout and promotion, planning and execution of domestic and foreign exhibition activities. ● Purchasing: supplier development management, price negotiation, procurement and raw material cost control.

II. Information on Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and managers of each department and division

(I) Background of Directors

2024/04/27 ; Unit: share ; %

Title	Country or place of registration	Name	Gender Age	Elected/ appointed date	Term	Date first electe	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at Auden or other companies	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
Chairman	ROC	Auoke Investment Co., Ltd.	-	2022.6.27	3 Years	1990.2.10	3,621,102	7.75	3,621,102	7.2	-	-	-	-	-	-	-	-	-	Note2
	ROC	Rep. Chang, Yu-Pin	Male 61~70 years old	2022.6.27		1990.2.10	2,207,366	4.72	2,275,366	4.52	79,350	0.16	6,222,102 (Note.2)	12.37	● Nanshan High School-Dept. of Electronic Engineering	● Auden Techno Corp./President and Member of Sustainable Development Committee ● Auoke Investment Co., Ltd./Chairman ● Auhong Investment Co., Ltd./Chairman ● Auden intelligence carbon solution Co. Ltd./Chairman ● Auray Technology Corp./Chairman ● Auden Communications & Multimedia Techno(KunShan) Co.,Ltd./Chairman and President ● Auden Techno (BVI) Corporation/Chairman ● Lucky Rite International Co., Ltd./Chairman ● Auden Education Foundation /Chairman	-	-	-	Note3
Director	ROC	Auoke Investment Co., Ltd.	-	2022.6.27	3 Years	1990.2.10	3,621,102	7.75	3,621,102	7.2	-	-	-	-	-	-	-	-	-	Note2
	ROC	Rep. Tang, Chia-Lun	Male 41~50 years old	2022.6.27		2022.6.27	158,121	0.34	216,121	0.43	-	-	-	-	● NSYSU/Ph.D. of Electrical Engineering ● ITRI Communications Research Laboratories/Manager	● Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Director and Vice President ● Auden Techno Corp. - Wireless Communication Business Department/Vice President ● Auden Techno Viet Nam Co., Ltd / President	-	-	-	-

Title	Country or place of registration	Name	Gender Age	Elected/ appointed date	Term	Date first electe	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at Auden or other companies	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
Director	ROC	Auhong Investment Co., Ltd.	-	2022.6.27	3 Years	2016.5.31	2,601,000	5.57	2,601,000	5.17	-	-	-	-	-	-	-	-	-	Note2
	ROC	Rep. Yeh, Ming-Tarng	Male 61~70 years old	2022.6.27		2018.3.2	127,771	0.27	127,771	0.25	8,756	0.02	-	-	● NTU / Master of Mechanical Engineering ● Auden Techno Corp./Supervisor	● Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Director ● Auden Techno Corp.(Shanghai)/Chairman	-	-	-	-
Director	ROC	Auhong Investment Co., Ltd.	-	2022.6.27		2016.5.31	2,601,000	5.57	2,601,000	5.17	-	-	-	-	-	-	-	-	-	-
	ROC	Rep. Chang, Chih-Chuan	Male 41~50 years old	2022.6.27	2018.6.2	-	-	-	-	-	-	-	-	● Soochow University/ Mast of Laws ● NTU/Bachelor of Laws	● Chao-Yu International Law Firm./Managing Director	-	-	-	-	-
Director	ROC	Huang, Fu-Chang	Male 61~70 years old	2022.6.27	3 Years	2006.6.23 (Note 4)	590	0	590	0.00	-	-	-	-	● NTU/Master of Library and Information Science ● NTU/ Bachelor of Laws ● Horng-Jou Building Materials Co.,LTD./Chairman ● Horng-Fu Ceramic Materials Co.,LTD./Chairman ● Tien-Fu Hung Ceramic Materials Co.,LTD./Chairman ● Auden Techno Corp./Independent Director	-	-	-	-	-
Independent Director	ROC	Chou, Chun-Hung	Male 51~60 years old	2022.6.27	3 Years	2014.6.6	-	-	-	-	-	-	-	-	● UTA/EMBA ● Altec Lansing Technologies, Inc - taiwan branch/Purchasing Assistant Manager ● CLEVO CO./Purchasing Director ● GVC Corp./Purchasing Manager ● Compal Electronics, Inc.- Procurement Department/ Director	● Auden Techno Corp./Member of Audit Committee ,Compensation Committee and Sustainable Development Committee	-	-	-	-

Title	Country or place of registration	Name	Gender Age	Elected/ appointed date	Term	Date first electe	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at Auden or other companies	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
Independent Director	ROC	Tsai, Yu-Ching	Female 51~60 years old	2022.6.27	3 Years	2015. 11.25	-	-	-	-	-	-	-	-	● NTU/Master of Accounting ● YOUNGTEK ELECTRONICS CORPORATION /Supervisor ● TERA AUTOTECH CORPORATION/ Independent Director ● National Taichung University Of Science And Technology Department of Accounting Information/Instructor ● Chung Chou University of Science and Technology Department of Business Administration/Instructor ● Da Yeh University Department of Accounting Information/Instructor ● Corporate Synergy Development Center/Adjunct Instructor ● Small and Medium Enterprise Administration, Ministry of Economic Affairs/ Honor Instructor ● PwC/Manager of Audit Department ● NTU Department of Accounting/ Teaching Assistant	● Everwell & CO., CPAs./Partnership accountan ● APEX DYNAMICS, INC./Independent Director and member of Compensation Committee ● FORMOSA OPTICAL TECHNOLOGY CO., LTD./Independent Director and member of Compensation Committee ● Auden Techno Corp./Member of Audit Committee and Compensation Committee ● AKER TECHNOLOGY CO.,LTD ./Independent Director and member of Compensation Committee ● CHUAN DA TECHNOLOGY CO., LTD./Supervisor ● Paiho Shih Holdings Corporation/ Independent Director and member of Compensation Committee	-	-	-	-

Title	Country or place of registration	Name	Gender Age	Elected/ appointed date	Term	Date first electe	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at Auden or other companies	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
Independent Director	ROC	Huang, Chih-Chen	Male 51~60 years old	2022.6.27	3 Years	2016.5.31	-	-	-	-	-	-	-	-	● Feng Chia University/Bachelor of Accountancy ● KPMG TWN/Manger ● KPMG HK/Manger ● DINKUM & CO., CPAS./Partnership Accountant ● KWANG MING SILK MILL CO., LTD./ Independent Director ● CHINA BIOTECH CORPORATION /Supervisor ● CPA ASSOCIATIONS R.O.C./Evaluator	● Fortune & CO., CPAS /Partnership Accountant and Partner-In-Charge ● Everything Fits International Co., Ltd./Chairman ● ABILITY ENTERPRISE CO., LTD./ Independent Director and Member of Compensation Committee ● Auden Techno Corp./Member of Audit Committee and Compensation Committee ● Starlux Airlines Co., LTD./ Independent Director and Member of Compensation Committee ● JYH ENG TECHNOLOGY CO., LTD./ Director ● Auden Education Foundation / Director ● CPA ASSOCIATIONS R.O.C./Member of Accountant Audit Committee	-	-	-	-
Independent Director	ROC	Chung, Char-Dir	Male 61~70 years old	2022.6.27	3 Years	2022.6.27	-	-	-	-	-	-	-	-	● University of Southern California/ Ph.D. of electrical engineering ● LinCom Manufacturing Co., Ltd./ Senior System Engineer ● NCUEE/Professor ● NCUGICE/ Professor and Head ● NCUDCE/ Professor and Head ● NTUSIS/ Chair Professor ● BOST Office/Executive Secretary ● Executive Yuan/ Minister Without Portfolio ● BOST / Member and Deputy Convener	● NTUEE and NTUGICE/Distinguished Chair Professor ● NTUEE and NTUGICE/Professor ● TAIWAN MOBILE CO., LTD./Independent Director and the members of Audit, Remuneration, and Sustainable Development Committees ● Auden Techno Corp./Member of Audit Committee and Sustainable Development Committee ● IEEE/Fellow	-	-	-	-

Note 1 : Please refer to Table 1 for information on the major shareholders of corporate shareholders.

Note 2 : AuoKe Investment Co., Ltd. and Auhong Investment Co., Ltd. are the reinvestment companies under the control of Mr. Chang Yu-Pin.

Note 3 : As the general manager and founder of the company, Mr. Chang Yu-Pin is familiar with the industrial fluctuations of the company, so it is necessary to take advantage of his industrial experience. In addition, the internal control of the company has a clear position of power, and an audit committee has been set up, with Independent directors with different jurisdiction. The above is conducive to the strengthening of corporate governance.

Note 4 : Mr. Huang, Fu-Chang served as the Director of our Company from 2006.06 to 2016.04 , and was suspended from 2016.05 to 2022.06

Table 1 : Major shareholders of the institutional shareholders

2024/04/27

Name of institutional shareholders	Major shareholders of institutional shareholders(Percentage of shareholding)
Auoke Investment Co., Ltd.	Chang, Yu-Pin(59%), Chang,Shuo-Fen(10%), Chang,Shuo-Fang(10%), Chang,Wei-Chien(11%), Chang,Yi-Ying(10%)
Auhong Investment Co., Ltd.	Chang, Yu-Pin(60%), Chang,Shuo-Fen(10%), Chang,Shuo-Fang(10%), Chang,Wei-Chien(10%), Chang,Yi-Ying

Note 1: If Directors and Supervisors serve as representatives of institutional shareholders, the names of institutional shareholders must be provided.

Note 2: Name the major shareholders (the top 10 owners) of the corporate shareholders and their shareholding percentage.

Qualifications for directors, and disclosure of information on the independence of independent directors

Qualifications Name	Professional qualifications and experiences	Compliance with independence requirements	Number of public companies where the person concurrently acts as an independent director
Auoke Investment Co., Ltd. Rep. Chang, Yu-Pin	Present position : Auden Techno Corp. /President Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Chairman and President Auden intelligence carbon solution Co. Ltd./Chairman Auray Technology Corp./Chairman With many years of communication industry experience and corporate operations experience. There is no circumstance stipulated according to article 30 of Company Act.	There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act.	-
Auoke Investment Co., Ltd. Rep. Tang, Chia-Lun	Present position : Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Director and Vice President Auden Techno Corp.-Wireless Communication Business Department/Vice President With many years of communication industry experience and corporate operations experience. There is no circumstance stipulated according to article 30 of Company Act.	1. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 2. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act.	-
Auhong Investment Co., Ltd. Rep. Yeh, Ming-Tarng	Present position : Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Director Auden Techno Corp.(Shanghai)/Chairman With many years of communication industry experience and corporate operations experience. There is no circumstance stipulated according to article 30 of Company Act.	1. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 2. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act.	-

Qualifications Name	Professional qualifications and experiences	Compliance with independence requirements	Number of public companies where the person concurrently acts as an independent director
Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan	Present position : Chao-Yu International Law Firm./Managing Director Once held the positions of Judge of Taiwan Taipei District Court, so Mr. Chang has many years of legal professional experience. There is no circumstance stipulated according to article 30 of Company Act.	1. Not a director, supervisor or employee of the Company or any of affiliated companies 2. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 3. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act.	-
Huang, Fu-Chang	Once held the positions of Chairman of Horng-Jou Building Materials Co.,LTD., Chairman of Horng-Fu Ceramic Materials Co.,LTD. And Chairman of Tien-Fu Hung Ceramic Materials Co.,LTD. , so Mr. Huang has many years of corporate operations experience and crisis management capacity. There is no circumstance stipulated according to article 30 of Company Act.	1. Not a directors, supervisor or employee of the Company or any of affiliated companies. 2. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 3. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act.	-
Chou, Chun-Hung (Independent Director)	Once held the positions of Deputy Director of Compal Electronics, Inc.- Video Purchasing Department, so Mr. Chou has many years of corporate operations experience and crisis management capacity. There is no circumstance stipulated according to article 30 of Company Act.	1. Not a director, supervisor or employee of the Company or any of affiliated companies. 2. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 3. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act. 4. Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	-
Tsai, Yu-Ching (Independent Director)	Present position : Everwell & CO., CPAs./Partnership accountant Not only has many years of accounting professional experience and industry contact, but also has many experience of serve as an Independent Director in many listed companies. There is no circumstance stipulated according to article 30 of Company Act.	1. Not a director supervisor or employee of the Company or any of affiliated companies. 2. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 3. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act. 4. Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	3

Qualifications Name	Professional qualifications and experiences	Compliance with independence requirements	Number of public companies where the person concurrently acts as an independent director
Huang, Chih-Chen (Independent Director)	Present position : Fortune & CO., CPAS /Partnership Accountant and Partner-In-Charge Not only has many years of accounting professional experience and industry contact, but also has many experience of serve as an Independent Director in many listed companies. There is no circumstance stipulated according to article 30 of Company Act.	1. Not a director, supervisor or employee of the Company or any of affiliated companies. 2. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 3. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act. 4. Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	2
Chung, Char-Dir (Independent Director)	Present position : NTUEE and NTUGICE/Distinguished Chair Professor NTUEE and NTUGICE/Professor IEEE/Fellow Not only has academic industry knowledge and industry professional contacts, but also but also has many experience of serve as an Independent Director in listed company. There is no circumstance stipulated according to article 30 of Company Act.	1. Not a director supervisors or employee of the Company or any of affiliated companies. 2. Not an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual shareholders. 3. There is no spouse or second-degree relatives with other directors, so there is no circumstance stipulated according to item 3 and item 4 of article 26-3 of the Securities and Exchange Act. 4. Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	1

Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors

The company advocates and respects the diversity policy of the Board of Directors. To strengthen corporate governance and promote the sound development of the composition and structure of the Board, the selection of Board members is based on merit, with a focus on complementary skills across various industries. Our company has a total of nine directors, including four independent directors and five non-independent directors. The professional backgrounds of the members encompass experience in electronics, communications, finance, legal affairs, and management. Our company places great importance on gender equality within the Board and aims to increase the number of female directors. Currently, 89% (eight members) of the Board are male, and 11% (one member) are female. We will strive to increase the number of female directors in the future to achieve our diversity goals.

To achieve the ideal goal of corporate governance, the Board as a whole should possess the following capabilities:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Management ability.
4. Crisis management ability.
5. Industry knowledge.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

Specific Management Objectives and Achievements of the 13th Board of Directors (2022-2025) Diversity Policy:

Specific Management Objectives	Achievements
No more than 1/2 of the independent directors to serve more than 3 consecutive terms	Achieved. Only 1/2 of our independent directors have served 3 terms.
Board seats must include members of different genders	Achieved. Among our nine directors, there is one female independent director.
Less than 1/3 of the directors to hold concurrent positions as employees or managers	Achieved. Only two of our directors hold positions as employees or managers.
More than 1/2 of the directors to possess core competencies required by the company	Achieved. Our directors collectively cover eight areas of expertise, six of which are possessed by all directors.

Implementation of the diversity policy is as follows:

Diversification item Name	Composition							Professional knowledge and skills								
	Country or place of registration	Gender	Serving as the Company's employee	Age			Independent Director		Ability to make sound Business judgments	Accounting and financial Analysis capability	Ability to manage a business	Ability to respond to a crisis	Industry knowledge	An Understanding of International markets	Leadership capability	Decisionmaking capability
				41~50years old	51~60 years old	61~70 years old	3 years or less	Over 3 years (Note1)								
Auoke Investment Co., Ltd. Rep. Chang, Yu-Pin	ROC	Male	✓			✓			✓		✓	✓	✓	✓	✓	✓
Auoke Investment Co., Ltd. Rep. Tang, Chia-Lun	ROC	Male	✓	✓					✓		✓	✓	✓	✓	✓	✓
Auhong Investment Co., Ltd. Rep. Yeh, Ming-Tarn	ROC	Male				✓			✓		✓	✓	✓	✓	✓	✓
Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan	ROC	Male		✓					✓		✓	✓	✓	✓	✓	✓
Huang, Fu-Chang	ROC	Male					✓				✓	✓	✓	✓	✓	✓
Chou, Chun-Hung (Independent Director)	ROC	Male				✓		✓	✓		✓	✓	✓	✓	✓	✓
Tsai, Yu-Ching (Independent Director)	ROC	Female				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Huang, Chih-Chen (Independent Director)	ROC	Male				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Chung, Char-Dir (Independent Director)	ROC	Male					✓	✓			✓	✓	✓	✓	✓	✓

Note 1 : Chou, Chun-Hung, Tsai, Yu-Ching and Huang and Chih-Chen were re-elected as Independent Director in the general re-election in 2022, based on their experience and expertise. No more than half of all the independent directors serve more than three consecutive terms.

(2) Independence of the Board of Directors

The current Board of Directors has 9 directors, including 4 independent directors, accounting for 44.44% of the total board seats. More than 2/3 of the directors do not concurrently hold positions as managers or employees. Additionally, there are no instances where more than half of the directors are related to each other as spouses or within the second degree of kinship. This complies with the provisions of Article 26-3 of the Securities and Exchange Act.

(II) Profile of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

2024/04/27 ; Unit: share ; %

Title	Nationality	Name	Gender	Date appointed	Shareholding		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Concurrent duties in other companies	Manager who is the spouse or kin within the 2nd tier.			The situation of stock warrants obtained by the manager	Note
					Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship		
President	ROC	Chang, Yu-Pin	Male	1989.5.2	2,275,366	4.52	79,350	0.16	6,222,102 (Note.1)	13.37	● Nanshan High School-Dept. of Electronic Engineering	● Auden Techno Corp./Chairman and member of Sustainable Development Committee ● Auoke Investment Co., Ltd./Chairman ● Auhong Investment Co., Ltd./Chairman ● Auden intelligence carbon solution Co. Ltd./Chairman ● Auray Technology Corp./Chairman ● Auden Communications & Multimedia Techno(KunShan) Co.,Ltd./Chairman and President ● Auden Techno (BVI) Corporation/Chairman ● Lucky Rite International Co., Ltd./Chairman ● Auden Education Foundation /Chairman	-	-	-	-	Note 2
Vice President of Wireless Communication Business Department	ROC	Tang, Chia-Lun	Male	2006.12.1	216,121	0.43	-	-	-	-	● NSYSU/Ph.D. of Electrical Engineering ● ITRI Communications Research Laboratories/Manager	● Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Director and Vice President ● Auden Techno Corp.-Wireless Communication Business Department/Vice President ● Auden Techno Viet Nam Co., Ltd / President	-	-	-	-	-
Assistant Vice President of Wireless Communication Business Department	ROC	Chiang, Chi-Ming	Male	1995.7.4	14,244	0.03	-	-	-	-	● Vanung University/Dept. of Electronic Engineering	-	-	-	-	-	-
Assistant Vice President of Equipment Marketing Business	ROC	Hsu, Ching-Yi	Female	2011.4.25	269,793	0.54	-	-	-	-	● Tamkang University /Department of Spanish ● Tamkang University /Graduate Institute of Latin American Studies ● International Trade Institute, Taiwan External Trade Development Council/ International Business Administration Program ● LITE-ON Technology Corporation/ supervisor	● Auden Techno Corp.(Shanghai)/ President ● Auray Technology Corp./Vice President	-	-	-	-	-

Title	Nationality	Name	Gender	Date appointed	Shareholding		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Concurrent duties in other companies	Manager who is the spouse or kin within the 2nd tier.			The situation of stock warrants obtained by the manager	Note
					Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship		
Assistant Vice President of President's Office	ROC	Tung, Szu-Che	Male	2007.5.28	12,584	0.03	28,233	0.06	-	-	● Soochow University/Department of Physics ● SGS Taiwan Ltd./Senior specialist	-	-	-	-	-	-
Vice President of Operation Office	ROC	Wen, Wen-Sheng	Male	2013.9.23	238,400	0.47	-	-	-	-	● Chinese Culture University/Department of Accounting ● KPMG/Manager	● Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Supervisor ● Auden Techno Corp.(Shanghai)/Supervisor ● Auden Techno Corp. /Corporate Governance Officer and member of Sustainable Development Committee ● Auden intelligence carbon solution Co. Ltd./Director ● Auden Education Foundation / Director	-	-	-	-	-

Note 1 : Auoke Investment Co., Ltd. and Auhong Investment Co., Ltd. are the reinvestment companies under the control of Mr. Chang Yu-Pin.

Note 2 : As the Chairman and founder of the company, Mr. Chang Yu-Pin is familiar with the industrial fluctuations of the company, so it is necessary to take advantage of his industrial experience. In addition, the internal control of the company has a clear position of power, and an audit committee has been set up, with Independent directors with different jurisdiction. The above is conducive to the strengthening of corporate governance.

2023

Unit: In thousands of New Taiwan Dollar

III. Remunerations to Directors, Presidents, and Vice Presidents

(I) Remuneration of Directors and Independent Directors

Title	Name	Remuneration								Total remuneration (A+B+C+D) & ratio of total remuneration to net income (%)		Relevant remuneration received by Directors who are also employees								Total remuneration (A+B+C+D+E+F+G) & ratio of total remuneration to net income (%)		Compensation received from nonconsolidated affiliates or parent company
		Base compensation (A)		Severance pay and pensions (B)		Directors profitsharing bonuses (C)		Payment for professional practice (D)				Salary, bonuses, and allowances (E)		Severance pay and pensions (F)		Employees' profitsharing bonuses (G)						
		From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements	From Auden		From all companies in the consolidated financial statements		From Auden	From all companies in the consolidated financial statements			
														Cash	Stock	Cash	Stock					
Chairman	Auoke Investment Co., Ltd.	-	-	-	-	4,792	4,792	187	187	4,979 2.41	4,979 2.41	16,772	16,772	108	108	1,616	-	1,616	-	23,475 11.37	23,475 11.37	-
	Rep. Chang, Yu-Pin																					
Director	Auhong Investment Co., Ltd.																					
	Rep. Yeh, Ming-Tarng																					
Director	Auhong Investment Co., Ltd.																					
	Rep. Chang, Chih-Chuan																					
Director	Auoke Investment Co., Ltd.																					
	Rep. Tang, Chia-Lun																					
Director	Huang, Fu-Chang																					
Independent Director	Chou, Chun-Hung	2,400	2,400	-	-	-	-	374	374	2,774 1.34	2,774 1.34	-	-	-	-	-	-	-	2,774 1.34	2,774 1.34	-	
Independent Director	Tsai, Yu-Ching																					
Independent Director	Huang, Chih-Chen																					
Independent Director	Chung, Char-Dir																					

Note 1: Please describe the payment policy, system, standard and structure of independent directors' remuneration, and describe the relationship with the amount of remuneration based on the responsibilities, risks, investment time and other factors: the remuneration of the directors of the company is determined by the board of directors according to the company's The authorization of the Articles of Association is issued according to the degree of directors' participation in the company's operations and contribution value, and in consideration of domestic and foreign industry standards. If the

company is profitable, the board of directors shall decide the amount of directors' remuneration in accordance with the company's articles of association. Independent directors are ex officio members of the audit committee, and they decide different reasonable remunerations in consideration of their responsibilities, risks and time investment.

Note 2: Except as disclosed in the above table, remuneration received by the directors of the company in the most recent year for providing services to all companies in the financial report (such as serving as a consultant for the parent company/all companies in the financial report/reinvestment enterprises that are not employees, etc.): None.

Note 3: Fill in the proposed amount of director remuneration approved by the board of directors prior to the shareholders' meeting for the distribution of earnings for the most recent fiscal year.

Note 4: Fill in the proposed amount of employee remuneration approved by the board of directors prior to the shareholders' meeting for the distribution of earnings for the most recent fiscal year.

Range of Remuneration

2023

Unit: In thousands of New Taiwan Dollar

Range of remuneration	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements
Under NT\$1,000,000	Auhong Investment Co., Ltd. Rep. Yeh, Ming-Tarn/Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan/ Huang, Fu-Chang /Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir	Auhong Investment Co., Ltd. Rep. Yeh, Ming-Tarn/Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan/ Huang, Fu-Chang /Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir	Auhong Investment Co., Ltd. Rep. Yeh, Ming-Tarn/Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan/ Huang, Fu-Chang /Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir	Auhong Investment Co., Ltd. Rep. Yeh, Ming-Tarn/Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan/ Huang, Fu-Chang /Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir
NT\$1,000,000 – NT\$1,999,999	Auoke Investment Co., Ltd. Rep. Tang, Chia-Lun Auoke Investment Co., Ltd. Rep. Chang, Yu-Pin	Auoke Investment Co., Ltd. Rep. Tang, Chia-Lun Auoke Investment Co., Ltd. Rep. Chang, Yu-Pin		
NT\$2,000,000 – NT\$3,499,999				
NT\$3,500,000 – NT\$4,999,999				
NT\$5,000,000 – NT\$9,999,999			Auoke Investment Co., Ltd. Rep. Tang, Chia-Lun/	Auoke Investment Co., Ltd. Rep. Tang, Chia-Lun/
NT\$10,000,000–NT\$14,999,999			Auoke Investment Co., Ltd. Rep. Chang, Yu-Pin	Auoke Investment Co., Ltd. Rep. Chang, Yu-Pin
NT\$15,000,000–NT\$29,999,999				
NT\$30,000,000–NT\$49,999,999				
NT\$50,000,000–NT\$99,999,999				
Over NT\$99,999,999				
Total	9	9	9	9

(II) Remuneration of the President and Vice Presidents

2023

Unit: In thousands of New Taiwan Dollar

Unit: in thousands of New Taiwan Dollar

Title	Name	Salary(A)		Severance Pay and Penions(B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total remuneration (A+B+C+D) & ratio of total remuneration to net income (%)		Compensation received from nonconsolidated affiliates or parent company
		From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements	From Auden	From all companies in the consolidated financial statements	From Auden		From all companies in the consolidated financial statements		From Auden	From all companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Chang, Yu-Pin	9,556	9,556	216	216	13,931	13,931	2,084	0	2,084	0	25,587	25,588	0
Vice President	Tang, Chia-Lun											12.40	12.40	
Vice President	Wen, Wen- Sheng													

Range of Remuneration

2023

Unit: In thousands of New Taiwan Dollar

	Name of Director	
	From Auden	From all companies in the consolidated financial statements
Under NT\$1,000,000		
NT\$1,000,000 – NT\$1,999,999		
NT\$2,000,000 – NT\$3,499,999		
NT\$3,500,000 – NT\$4,999,999		
NT\$5,000,000 – NT\$9,999,999	Tang, Chia-Lun/Wen, Wen- Sheng	Tang, Chia-Lun/Wen, Wen- Sheng
NT\$10,000,000–NT\$14,999,999	Chang, Yu-Pin	Chang, Yu-Pin
NT\$15,000,000–NT\$29,999,999		
NT\$30,000,000–NT\$49,999,999		
NT\$50,000,000–NT\$99,999,999		
Over NT\$99,999,999		
Total	3	3

(III) Names of Executive Officers Receiving Employees' Profit-Sharing Bonuses and Their Distribution

2023

Unit: In thousands of New Taiwan Dollar

	Title	Name	2023			
			Stock	Cash	Total	ratio of total remuneration to net income (%)
Manager	President	Chang, Yu-Pin	0	2,726	2,726	1.32
	Vice President	Tang, Chia-Lun				
	Assistant Vice President	Chiang, Chi-Ming				
	Assistant Vice President	Hsu, Ching-Yi				
	Assistant Vice President	Tung, Szu-Che				
	Vice President of Operation Office/ Finance Department /Accounts Department and Corporate Governance Officer	Wen, Wen- Sheng				

(IV) Analysis of the ratio of the total remuneration paid to the company's directors, supervisors, president and vice presidents in the last two years by the company and all companies in the consolidated statement to the net profit after tax

Titles	2022	2023
	Ratio of total remuneration to net income of the parent company only (%)	Ratio of total remuneration to net income of the parent company only (%)
Directors, Presidents and Vice Presidents	10.72%	16.15%

- (V) Policy, standard and combination of payment of remuneration, procedures for determining remuneration, and correlation with business performance and future risks

1. Policy, standard and combination of payment of remuneration

- (1) The remuneration of the directors of the company shall be determined by the board of directors with reference to the usual industry standards for directors' remuneration for performing their duties in accordance with the company's "director's remuneration distribution method" and Article 19 of the company's articles of association. In addition, if the company makes profits in the current year, according to Article 19 of the company's articles of association, no more than 2% will be allocated as directors' remuneration, and independent directors will not participate in the distribution of directors' remuneration. The company regularly evaluates the remuneration of directors in accordance with the "Performance Evaluation Method of the Board of Directors". The relevant performance appraisal and the rationality of remuneration are reviewed by the Compensation Committee and the Board of Directors.

The remuneration of directors is based on the provisions of the company's articles of association, and the Compensation Committee considers the performance of the overall board of directors, the company's operating performance, the company's future operations and risk appetite, and proposes a distribution proposal. Items such as degree and contribution value are given weights and distributed according to the weighted results.

- (2) The salary standard of the company's managers is handled in accordance with the "Salary Management Measures" approved by the company's board of directors. The salary management method clearly stipulates various work allowances and bonuses to sympathize with and reward employees for their efforts in work. Relevant bonuses are also approved based on the company's annual operating performance, financial status, operating status and personal work performance; If there is profit, according to Article 19 of the company's articles of association, more than 2% should be allocated as employee remuneration. The results of the performance evaluation carried out by the company in accordance with the "Performance Bonus Evaluation and Operation Method" are used as a reference for the issuance of manager bonuses. Manager performance evaluation items are divided into 1. Financial indicators: according to the company's management profit and loss report, each business group The department's contribution to the company's profit is distributed, and the manager's goal achievement rate is considered; 2. Non-financial indicators: the practice of the company's core value and the ability to operate and manage, and the participation in sustainable management, etc., to calculate the remuneration for its business performance, and review the remuneration system at any time depending on the actual operating conditions and relevant laws and regulations.
- (3) The composition of the company's remuneration is determined in accordance with the organizational regulations of the Compensation Committee, including cash remuneration, retirement benefits or resignation benefits, various allowances and other measures with substantial rewards; its scope is the same as the standard for the items that should be recorded in the annual report of a publicly issued company. The remuneration of the relevant directors and managers is the same.

2. Procedures for determining remuneration

- (1) In order to regularly evaluate the remuneration of directors and managers, it is based on the evaluation results of the company's "Board of Directors Performance Evaluation Method" and the "Performance Bonus Evaluation and Operation Method" applicable to managers and employees. In addition, the relevant managers The remuneration of employees is determined in accordance with the company's "Salary Management Measures" and the company's operating performance indicators, and is submitted to the board of directors for approval. Results The results of the company's annual operating indicators are the basis for measurement, and the scope of assessment includes: pre-tax net profit, credit rating, customer satisfaction, and corporate governance assessment and other performance objectives related to major work duties.
- (2) The self-assessment results of the performance of the board of directors, directors and members of each functional committee in 2023 have significantly exceeded the standard. The performance evaluation results of the company's managers in 2023 show that the performance of all managers has reached the predetermined target requirements. The company's annual operating indicators The assessment results have also reached the highest standards.
- (3) The relevant performance appraisal and salary rationality of the company's directors and managers are regularly evaluated and reviewed by the salary Compensation Committee and the board of directors every year. In addition to referring to the individual's performance achievement rate and contribution to the company, it also considers the company's overall operating performance, Future risks and development trends of the industry, as well as timely review of the remuneration system based on the actual operating conditions and relevant laws and regulations. In addition, after comprehensive consideration of the current corporate governance trends, reasonable remuneration is given to achieve a balance between the company's sustainable operation and risk control. The actual amount of remuneration for directors and managers in 2023 was reviewed by the Compensation Committee and then submitted to the board of directors meeting for decision.

3.Relevance to business performance and future risks:

- (1) The company's remuneration policy related payment standard and system review is based on the company's overall operating status as the main consideration, and the payment standard is approved based on the performance achievement rate and contribution, so as to improve the overall organizational team effectiveness of the board of directors and management department. Also refer to the salary standard of the industry to ensure that the salary of the company's management is competitive in the industry, so as to retain excellent management talents.
- (2) The company's managers' performance goals are combined with "risk control" to ensure that possible risks within the scope of duties can be managed and prevented, and the results of the rating are assessed according to the actual performance performance, and all relevant human resources and relevant salaries are linked remuneration policy. The important decisions of the company's management level are made after balancing various risk factors. The performance of relevant decisions is reflected in the company's profit situation, and the remuneration of the management level is related to the performance of risk control.
- (3) The remuneration paid by the company and its subsidiaries to directors, President and Vice Presidents includes long-term rewards. The form of payment is new shares with restricted employee rights. It is not paid in full in the year when the profit is made. Its actual value is related to the future stock price, namely Share future business risks with the company.

IV. Implementation of Corporate Governance

(I) The operation of the Board

The board of directors has held 6 board meetings in 2023, and the attendance of directors are as follows:

Title	Name		Attendance Frequency	By proxy	Attendance Rate in Person (%)	Notes
Chairman	Auoke Investment Co., Ltd.	Rep. Chang, Yu-Pin	6	0	100	-
Director	Auoke Investment Co., Ltd.	Rep. Tang, Chia-Lun	6	0	100	-
	Auhong Investment Co., Ltd.	Rep. Yeh, Ming-Tarng	6	0	100	-
	Auhong Investment Co., Ltd.	Rep. Chang, Chih-Chuan	6	0	100	-
	Huang, Fu-Chang		6	0	100	-
Independent Director	Chou, Chun-Hung		6	0	100	-
	Tsai, Yu-Ching		5	1	83.33	-
	Huang, Chih-Chen		6	0	100	-
	Chung, Char-Dir		6	0	100	-

Note 1 : The actual attendance rate is calculated by the number of meetings held and the actual attendance times of the director during director's tenure.

Special notes :

If any of the following circumstances was noted in the Board of Directors' meeting, the date, term, subject matter, all the opinions of the independent directors and the Company's response towards said opinions shall be stated:

- (1) Pursuant to Article 14-3 of the Securities and Exchanges Act : The Company already has an audit committee, , the provisions of Article 14-3 shall not apply. For a description of iArticle 14-3 of Securities and Exchange Act, please check Audit Committee Operations.
- (2) In addition to the matters mentioned above, any resolution adopted by the Board of Directors for which dissent or reservation has been expressed by any independent director, which has been recorded in the 30 minutes or any written statement: None.

Regarding the situation of directors' conflict of interest recusal, the name of the director with potential conflict of interest, subject matter, reason for conflict of interest recusal and deliberation participation shall be recorded:

(1)2023/03/14 :

A. The Principles and Amount of Directors' Remuneration Allocation for 2022

Chang,Yu-Pin, Tang,Chia-Lun, Yeh,Ming-Tarng, Chang,Chih-Chuan and Huang,Fu-Chang are director who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

B. The Principles and Amount of Managers' and Employees' Remuneration Allocation for 2022

Chang, Yu-Pin and Tang, Chia-Lun are serve concurrently as managers who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

C. The Company's Donation to the Auden Education Foundation

Chang, Yu-Pin and Huang, Chih-Chen are who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

(2)2023/05/09 :

A. 2022 annual manager's actual distribution of employee compensation.

Chang, Yu-Pin and Tang, Chia-Lun are serve concurrently as managers who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

(3)2023/08/08 :

A. Appointment of Members to the 1st Session of Sustainable Development Committee of the Company

Chang, Yu-Pin, Chou, Chun-Hung and Chung, Char-Dir are an interested party in the case, so the proposal approved by all directors in attendance with voting rights.

B. Distribute Performance Bonuses to the Company's Managers for the 1H of 2023

Chang, Yu-Pin and Tang, Chia-Lun are serve concurrently as managers who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

(4)2023/11/07 :

A. Discussion solely on Managerial Participation in Cash Capital Increase Subscription Allocation.

Chang, Yu-Pin and Tang, Chia-Lun are serve concurrently as managers who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

B. Discussion solely on the Upper Limit of Managerial Participation in the Employee Shareholding Trust Company Allocation Fund.

Chang, Yu-Pin and Tang, Chia-Lun are serve concurrently as managers who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

(5)2023/12/20 :

A. Discussion on the Performance Bonuses for the Second Half of 2023 and the Year-end Bonuses for the Year 2023 for Company Managers

Chang, Yu-Pin and Tang, Chia-Lun are serve concurrently as managers who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

B. Discussion on the Proposed Establishment of Performance Evaluation Goals and Standards for Company Managers for the Year 2024.

Chang, Yu-Pin and Tang, Chia-Lun are serve concurrently as managers who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

C. Discussion on the Proposed Establishment of Performance Evaluation Goals and Standards for Company Directors for the Year 2024.

Chang, Yu-Pin, Tang, Chia-Lun, Yeh, Ming-Tarn, Chang, Chih-Chuan and Huang, Fu-Chang are director who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

D. Discussion on the Proposed Establishment of Performance Evaluation Goals and Standards for Independent Directors Serving as Members of Functional Committees for the Year 2024.

Chou, Chun-Hung, Huang, Chih-Chen and Chung, Char-Dir are independent director who need to interest avoidance, so the proposal approved by all directors in attendance with voting rights.

The company's implementation status of the Board of Directors self-evaluation

(1) Evaluate the implementation :

Evaluation cycle	Implemented once a year
Evaluation period	2023/01/01-2023/12/31
Scope of evaluation	Include the Board of Directors, Individual members of the Board and the member of Functional Committee
Evaluation method	Include Self-evaluation of the Board of Director, Self-evaluation of the Board members and Self-evaluation of Functional Committee.
Evaluation content	1. Performance evaluation of the Board include the following 5 aspects : (1) Level of participation in the operation of the Company (2)Improvement on the decision making quality of the Board (3)Composition and structure of the Board (4)Election and continuing education of Directors (5)Internal control 2. Performance evaluation on individual Board members include the following 6 aspects : (1)Level of participation in the operation of the Company. (2)Election and continuing education of Directors (3)Control of the company's goals and tasks (4)Recognition of director's duties. (5)Management of internal relationships and communication. (6)Internal control 3. Performance evaluation of the Audit Committee include the following 5 aspects : (1)Level of participation in the operation of the Company. (2)Recognition of Audit Committees' duties. (3)Improvement on the decision making quality of the Audit Committee (4)Election and continuing education the member of Audit Committee (5)Internal control 4. Performance evaluation of the Compensation Committee include the following 5 aspects : (1)Level of participation in the operation of the Company. (2)Recognition of Compensation Committees' duties. (3)Improvement on the decision making quality of the Compensation Committee (4)Election and continuing education the member of Compensation Committee (5)Internal control 5. Performance evaluation of the Sustainable Development Committee include the following 5 aspects : (1)Level of participation in the operation of the Company. (2)Recognition of Sustainable Development Committees' duties. (3)Improvement on the decision making quality of the Sustainable Development Committee (4)Election and continuing education the member of Sustainable Development Committee (5)Internal control
Evaluation Result	The Board of Directors achieved a performance assessment score of 96.04 points, with all aspects executed according to regulations, thus excellent. Individual director performance assessments were conducted for nine members, averaging 91.03 points. Directors fulfilled their duties in accordance with relevant laws and regulations, demonstrating adequate professional competence, and ensuring smooth operation of the board. The Audit Committee scored 97.29 points and will continue to enhance management succession planning and focus on improving and enhancing corporate governance. The Compensation Committee achieved a score of 97.51 points, while the Sustainable Development Committee scored 97.13 points. All assessment results meet the standards.

Enhancements to the functionality of the Board of Directors in the current and the most recent year, and the evaluation of such enhancements:

1. The Company has established the Compensation Committee on December 27, 2011, the Audit Committee on June 26, 2015, and the Sustainable Development Committee on August 8, 2023, to enhance the efficiency of the board of directors.
2. The Company has established the "Rules of Procedure for Board of Directors Meeting" and implemented accordingly; all major resolutions made by the Board of Directors are disclosed on the MOPS.
3. The Company has passed the motion for the establishment of the "Regulations for the Evaluation of the Performance of the Board" in the Board session thereby performance of the Board shall be subject to internal evaluation at least once a year and report to the Board.

(II) The operation of the Audit Committee:

The Audit Committee has held 6 meetings in 2023, and the attendance of members was as follows:

Title	Name	Attendance Frequency	By proxy	Attendance Rate in Person (%)	Notes
Independent Director (Convener)	Chou, Chun-Hung	6	0	100	-
Independent Director	Tsai, Yu-Ching	5	1	83.33	-
Independent Director	Huang, Chih-Chen	6	0	100	-
Independent Director	Chung, Char-Dir	6	0	100	-

Note 1 : The actual attendance rate is calculated by the number of meetings held and the actual attendance times of the member during Audit Committee member's tenure.

Special notes :

If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee: :

- (1) Any matter under Article 14-5 of the Securities and Exchange Act. : (Please refer to the section III of Annual Report 2023 and subject matter of Board of Director) : All the issues have been approved by more than half of all the members of the audit committee and then sent to the board of directors for resolution. There is no issue that has not been approved by the audit committee but has been approved by more than two-thirds of all the directors.
- (2) In addition to the aforementioned motions, other motions without approval by the Audit Committee but passed by the Board with 2/3 of the Directors: None.

With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: : None.

The communications between the independent directors, chief internal auditor and external auditors :

- (1) The internal audit supervisors of our company regularly report audit results to the independent directors. In case of any special circumstances, immediate contact and reporting are made to the committee members. Communication between independent directors and the internal audit supervisors is still in good standing.
- (2) The Audit Committee holds regular annual discussions with the company's external auditors regarding the review or audit results of financial statements for each period and other relevant legal requirements. It also conducts assessments of the external auditors' qualifications and independence regarding their appointment and the provision of audit and non-audit services, including AQI and independence reviews.

Annual focus of the Audit Committee :

(1) The Audit Committee held eight meetings from 2023 to the date of publication of the annual report to consider the following topics :

- A. Review financial reports
- B. Evaluate the effectiveness of the internal control system
- C. Offering and Issuance of Securities
- D. Compliance with laws and regulations
- E. Corporate risk management
- F. Certified accountant provide audit independent assessment and non-audit independent assessment.
- G. Prior review of appointment, remuneration and services of certified accountants
- H. Annual audit plan

(2) Review financial reports :

The board of directors prepared the 2023 business report, financial statements and earnings allocation proposal of the company, among which the financial statements were entrusted to KPMG Taiwan to complete the verification and issue the verification report. The above operating report, financial statement and earnings allocation proposal were examined by the Audit Committee and found to be consistent.

(3) Evaluate the effectiveness of internal control systems :

The Audit Committee assesses the effectiveness of the policies and procedures of the company's internal control systems and reviews periodic reports from the company's audit department and licensing accountants, as well as management, including risk management and compliance. The Audit Committee believes that the Company's risk management and internal control systems are effective and that the Company has put in place the necessary control mechanisms to monitor and correct violations.

(4) Appointment of certified accountant :

It is the responsibility of the Audit Committee to monitor the independence of certified accounting firm to ensure the impartiality of financial statements. Generally speaking, certified accounting firm are not allowed to provide services to the company other than tax related services or specially approved projects. All services provided by the certified accounting firm must be approved by the Audit Committee.

In order to ensure the independence of the certified accounting firm, the Audit Committee evaluate the independence, professionalism and suitability of accountants by formulate an independence assessment form which refer to Article 47 of Certified Public Accountant Act. and The Norm of Professional Ethics for Certified Public Accountant no.10, Audit Committee also need to evaluate whether the company has mutual relations with each other, business or financial interests.

The Audit Committee and the Board of Directors considered and app

Approved by all present members unanimously and propose to the Board roved on 2023/03/14 that the accountants of KPMG Taiwan, Lu,Li-li and Lin,Wu, meet the criteria to be qualified as financial and tax certified accountants of the Company.

(5) Audit Committee operation in 2023 :

Term/Date	Subject Matter	Resolutions and the Company's response to such Audit Committee members' opinions
4 th Committee 5 th Meeting 2023/03/14	1.The proposal for the amendments to the "Rules of Procedure for Board of Directors Meetings". 2.The proposal for the amendment to the "Articles of Incorporation". 3.The proposal for Internal Control System Statementand and the findings of a self-assessment. 4.The proposal for continue to appoint certified accountants for the financial statements of the Company and review public expenses for accounting services. 5.The proposal for the 2022 Financial Statements. 6.The proposal for the 2022 Business Report and 2022 Earnings Distribution Statement.	Approved by all present members unanimously and propose to the Board
4 th Committee 6 th Meeting 2023/05/09	1.The proposal for the amendment to the " Rules of Procedure for Shareholders Meeting ". 2.The proposal for the First-time Issuance of Restricted Stock for Employee Rights in the 2021 Year Capital Increase.	Approved by all present members unanimously and propose to the

Term/Date	Subject Matter	Resolutions and the Company's response to such Audit Committee members' opinions
	3.The Company's Consolidated Financial Statements for the 1 st Quarter of 2023.	Board
4 th Committee 7 th Meeting 2023/08/08	1.Revision of the Allocation Amount of Restricted Stock for Employee Rights for the Fiscal Year 2021. 2.Revision of the Number of Newly Issued Shares for Restricted Stock for Employee Rights for the Fiscal Year 2021 Capital Increase and Proposal of the Capital Increase Reference Date. 3.Proposal to Establish the Capital Reduction Reference Date to Facilitate the Cancellation Registration for the Company's Redeemed Restricted Stock for Employee Rights. 4.The Company's Consolidated Financial Statements for the 2 nd Quarter of 2023. 5.Proposal to Establish Pre-approval Procedures for Non-assurance Services by the Company's External Auditors. 6.Planned Non-assurance Services to be Provided by Anhui Jianye Certified Public Accountants Firm for the Fiscal Year 2023.	Approved by all present members unanimously and propose to the Board
4 th Committee 8 th Meeting 2023/09/22	The company intends to conduct a cash capital increase and issue new shares.	Approved by all present members unanimously and propose to the Board
4 th Committee 9 th Meeting 2023/11/07	1. Proposal to capitalize 100% subsidiary AUDEN TECHNO (BVI) CORPORATION to increase the capital of 100% subsidiary AUDEN TECHNO VIETNAM CO., LTD. 2. The Company's Consolidated Financial Statements for the 3 rd Quarter of 2023.	Approved by all present members unanimously and propose to the Board
4 th Committee 10 th Meeting 2023/12/20	1.Proposal to establish the internal audit plan for the fiscal year 2024. 2.Proposal to capitalize 100% subsidiary AUDEN TECHNO (BVI) CORPORATION to increase the capital of 100% subsidiary AUDEN TECHNO VIETNAM CO., LTD. 3.Proposal to provide an endorsement guarantee for subsidiary AUDEN TECHNO VIETNAM CO., LTD.	Approved by all present members unanimously and propose to the Board

(III) The composition, duties and operation of the Compensation Committee

Information on members of the Compensation Committee

Title	Name	Professional qualifications and experience	Independent criteria	Number of other public companies in which the individual is concurrently serving as and Compensation Committee member
Independent Director (Convener)	Chou, Chun-Hung	Refer to the information on directors on page.12-page.16		-
Independent Director	Tsai, Yu-Ching			3
Independent Director	Huang, Chih-Chen			2

Responsibilities of the Compensation Committee

Members of this committee shall faithfully perform the following functions and powers with the attention of good managers, and submit their suggestions to the board of directors for discussion:

- (1) Formulate and regularly review the policies, systems, standards and structures for performance evaluation and salary of directors and managers.
- (2) Regularly evaluate and determine the remuneration of directors and managers.

Information on the operation of the Compensation Committee

- (1) The company's Compensation Committee has a total of 3 members.
- (2) The current term is from August 10, 2022, to the end of the 14th Board of Directors term. In principle, the employment relationship terminates upon the expiration of the contract, and both parties should renegotiate a new contract.

(3) The Compensation Committee held 5 meetings in 2023. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person	By proxy	Attendance rate In person (%)	Remarks
Independent Director (Convener)	Chou, Chun-Hung	5	0	100	
Independent Director	Tsai, Yu-Ching	4	1	80	-
Independent Director	Huang, Chih-Chen	5	0	100	-

Other matters to be recorded

- (1) If the board of directors does not adopt or revise the suggestion of the Compensation Committee, it shall state the date, period, content of the proposal, the result of the resolution of the board of directors, and the company's handling of the opinions of the Compensation Committee (such as the salary approved by the board of directors is better than that of the Compensation Committee). Suggestions should describe the differences and reasons): None, for the decision of the 2023 Compensation meeting, please refer to point (3).
- (2) For the resolutions of the Compensation Committee, if members have objections or reservations and there are records or written statements, the date, period, content of the proposal, all members' opinions and the handling of members' opinions should be stated : None, for the decision of the 2023 Compensation meeting, please refer to point (3).
- (3)The Compensation Committee discusses the proposals and resolution results and the company's handling of members' opinions :

Date of meeting	Content of important motions	Result
3 rd Meeting of the 5 th Session 1 st Meeting of 2023 2023/3/14	1.The Company's 2022 Annual Board and Functional Committee Performance Self-Assessment Results Report	The proposal was unanimously approved by all attending committee members and propose to the Board
	2.The Company's 2022 Annual Managerial Performance Evaluation Results Report	
	3.Discussion on the Allocation of Director and Employee Compensation for Fiscal Year 2022.	
	4.Proposal on the Principles and Amount Recommendations for Director Compensation Allocation for Fiscal Year 2022.	
	5.Proposal on the Principles and Amount Recommendations for Managerial Staff Compensation Allocation for Fiscal Year 2022.	
4 th Meeting of the 5 th Session 2 nd Meeting of 2023 2023/5/09	1.Discussion on the First Issuance of Restricted Stock Units to Employees for the 2021 Year Capital Increase Proposal.	The proposal was unanimously approved by all attending committee members and propose to the Board
	2.Discussion on Departmental Talent Retention Planning in Conjunction with the Issuance of Restricted Stock Units to Employees for the Fiscal Year 2022.	
	3.Discussion on the Actual Allocation of Managerial Staff Compensation for the Fiscal Year 2022.	
5 th Meeting of the 5 th Session 3 rd Meeting of 2023 2023/8/08	1. Discussion on the Proposed Distribution of Performance Bonuses for Company Managers for the First Half of 2023.	The case was reviewed and approved by all the attending members without objection, and propose to the Board
	2. Discussion on the Proposed Revision of the Company's 'Salary Reference Table for Job Grades and Job Categories	
6 th Meeting of the 5 th Session 4 th Meeting of 2023 2023/11/07	1. Discussion solely on Managerial Participation in Cash Capital Increase Subscription Allocation.	The proposal was unanimously approved by all attending committee members and propose to the Board
	2. Discussion solely on the Upper Limit of Managerial Participation in the Employee Shareholding Trust Company Allocation Fund.	
7 th Meeting of the 5 th Session 5 th Meeting of 2023 2023/12/20	1. Discussion on the Performance Bonuses for the Second Half of 2023 and the Year-end Bonuses for the Year 2023 for Company Managers	The case was reviewed and approved by all the attending members without objection, and propose to the Board
	2. Discussion on the Proposed Establishment of Performance Evaluation Goals and Standards for Company Managers for the Year 2024.	
	3.Discussion on the Proposed Establishment of Performance Evaluation Goals and Standards for Company Directors for the Year 2024.	

Date of meeting	Content of important motions	Result
	4. Discussion on the Proposed Establishment of Performance Evaluation Goals and Standards for Independent Directors Serving as Members of Functional Committees for the Year 2024.	This case will be submitted to the board of directors for resolution due to avoidance of interests.

(IV) The composition, duties and operation of the Sustainable Development Committee

Information on members of the Sustainable Development Committee

Title	Name	Professional qualifications and experience
Director(Convener)	Chang, Yu-Pin	Refer to the information on directors on page.12-page.16
Independent Director	Chou, Chun-Hung	
Independent Director	Chung, Char-Dir	
Member	Lu, Li-Pin	Corporate Sustainability Manager Certification Volunteer Evaluator of TAISE
Member	Wen, Wen-Sheng	Manager of KPMG Corporate Governance Officer of Auden Techno Corp.

Responsibilities of the Sustainable Development Committee

The Committee faithfully performs the following duties and submits its recommendations to the Board of Directors for discussion.:

- (1) Regularly review the "Sustainable Development Committee Charter" and propose amendments.
- (2) Establish and regularly review the company's sustainability operations, ESG development direction, and corporate governance functions related to corporate social responsibility.
- (3) Enhance the disclosure of corporate social responsibility information.

Information on the operation of the Sustainable Development Committee

- (1) The company's Sustainable Development Committee consists of 5 members.
- (2) The current term is from August 08, 2023, to the end of the 14th Board of Directors term.
- (3) The Sustainable Development Committee held 1 meeting in 2023. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Director(Convener)	Chang, Yu-Pin	1	0	100	-
Independent Director	Chou, Chun-Hung	1	0	100	-
Independent Director	Chung, Char-Dir	1	0	100	-
Member	Lu, Li-Pin	1	0	100	-
Member	Wen, Wen-Sheng	1	0	100	-

Other matters to be recorded

The Sustainable Development Committee discusses the proposals :

Date of meeting	Content of important motions
1 st Meeting of the 1 st Session 1 st Meeting of 2023 2023/12/19	1. Formulation of the Company's Sustainable Procurement Strategy In accordance with the ISO 20400 Sustainable Procurement Guidelines, the company establishes its sustainable procurement strategy, extending the concept of sustainability to its business partners. ESG/CSR considerations are integrated into each stage of the procurement process.
	2. Report on the Planning of Corporate Sustainability and Greenhouse Gas Inventory Schedule The company follows the Financial Supervisory Commission's Sustainable Development Roadmap to plan short-, medium-, and long-term carbon reduction targets in phases. It discloses climate change information according to the TCFD framework and implements ISO 14001 management system standard operating procedures to achieve the goal of sustainable energy use.

(IV) Corporate governance practices, and deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof

Assessment criteria	Corporate governance in action		Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
1. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	✓		No difference.
2. Equity structure and shareholders' equity. (1) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations? (2) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? (3) Has the Company established and implemented risk management and firewalls on companies it is affiliated with? (4) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓ ✓ ✓ ✓		No difference.
3. Organization and functions of the Board of Directors (1) Are a diversity policy and specific management objectives established and implemented by the Board of Directors? (2) Apart from the Compensation Committee and Audit Committee, has the Company assembled other functional committees at its own discretion? (3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis? Are the results of the evaluation reported	✓ ✓ ✓		No difference.

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies																																																												
	Yes	No	Summary																																																													
at the Board Meeting and used as reference for remuneration and the nomination for re-election? (4) Does the Company regularly evaluate its external auditors' independence	✓		2023 have been submitted to the board meeting on March 13, 2024. The evaluation period is from January 1, 2023 to December 31, 2023. The above results are in line with the standards, and are used in the reference of individual directors' compensation and nomination for renewal. (4) The Audit Committee of our company evaluates the independence and suitability of our certified accountants annually, in addition to the declaration of independence of Certified accountants, and in accordance with the AQIs and Certified Accountants Independence evaluation standards. The results of the latest annual evaluation shall be discussed and approved by the Audit Committee on March 13, 2024, and shall be submitted to the Board of Directors on March 13, 2024 to approve the independent evaluation of accountants ° Accountant independence evaluation index <table><tr><th>Item</th><th>Evaluation index</th><th>Result</th><th>Conformity</th></tr><tr><td>1</td><td>The tenure of CPAt is less than 7 years °</td><td>V</td><td>V</td></tr><tr><td>2</td><td>CPA and audit Services team members are not currently or in the last two years directors, managers of the company or have a material impact on the audit case.</td><td>V</td><td>V</td></tr><tr><td>3</td><td>CPA and audit Service team members are not related to the directors, managers of the company or the personnel whose position has a material impact on the audit case.</td><td>V</td><td>V</td></tr><tr><td>4</td><td>Within one year after leaving office, the CPA has not taken any position as a director or manager of the company or has significant influence on the audit case.</td><td>V</td><td>V</td></tr><tr><td>5</td><td>The CPA has no direct or indirect material financial interest in the Company.</td><td>V</td><td>V</td></tr><tr><td>6</td><td>The accounting firm is not overly dependent on a single client (the Company) for the source of fees.</td><td>V</td><td>V</td></tr><tr><td>7</td><td>There is no significant close business relationship between the CPA and the company.</td><td>V</td><td>V</td></tr><tr><td>8</td><td>There is no potential employment relationship between the CPA and the company.</td><td>V</td><td>V</td></tr><tr><td>9</td><td>The CPA is not involved in the examination of the case or has a public fee.</td><td>V</td><td>V</td></tr><tr><td>10</td><td>The non-audit services provided by the CPA have no direct impact on the material items of the audit case.</td><td>V</td><td>V</td></tr><tr><td>11</td><td>The CPA does not represent the Company in legal cases or other disputes with third parties.</td><td>V</td><td>V</td></tr><tr><td>12</td><td>The CPA does not advertise or broker shares or other securities issued by the Company.</td><td>V</td><td>V</td></tr><tr><td>13</td><td>The CPA has not received gifts of significant value to my heart or special privileges from the Company or its directors, managers or major shareholders.</td><td>V</td><td>V</td></tr><tr><td>14</td><td>No member of the CPA or audit Services team holds money on behalf of the Company.</td><td>V</td><td>V</td></tr></table>	Item	Evaluation index	Result	Conformity	1	The tenure of CPAt is less than 7 years °	V	V	2	CPA and audit Services team members are not currently or in the last two years directors, managers of the company or have a material impact on the audit case.	V	V	3	CPA and audit Service team members are not related to the directors, managers of the company or the personnel whose position has a material impact on the audit case.	V	V	4	Within one year after leaving office, the CPA has not taken any position as a director or manager of the company or has significant influence on the audit case.	V	V	5	The CPA has no direct or indirect material financial interest in the Company.	V	V	6	The accounting firm is not overly dependent on a single client (the Company) for the source of fees.	V	V	7	There is no significant close business relationship between the CPA and the company.	V	V	8	There is no potential employment relationship between the CPA and the company.	V	V	9	The CPA is not involved in the examination of the case or has a public fee.	V	V	10	The non-audit services provided by the CPA have no direct impact on the material items of the audit case.	V	V	11	The CPA does not represent the Company in legal cases or other disputes with third parties.	V	V	12	The CPA does not advertise or broker shares or other securities issued by the Company.	V	V	13	The CPA has not received gifts of significant value to my heart or special privileges from the Company or its directors, managers or major shareholders.	V	V	14	No member of the CPA or audit Services team holds money on behalf of the Company.	V	V	
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Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		On November 8, 2022, the Company passed a resolution to appoint Mr. Wen, Wen-Sheng, Vice President of the Company, as the director of corporate governance of the Company, the top director responsible for corporate governance affairs, to supervise the corporate governance personnel responsible for corporate governance business of relevant units, and implement various corporate governance affairs. These include assisting directors in performing their duties, providing necessary information and arranging for directors' further study, handling matters related to board and shareholders' meetings in accordance with the law, handling company registration and change registration, making board and shareholders' meeting minutes, regularly reviewing and revising the company's corporate governance code and relevant measures, etc.	No difference.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		In addition to the company has established a spokesman system, and the establishment of electricity The sub-mailbox IR@auden.com.tw is used for stakeholder contact. Specialized departments are responsible for communication with relevant stakeholders. The Company also has an investor service area for disclosure of information and contact information for communication channels.	No difference.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has appointed a professional stock agent "Stock Agency Department of IBF Securities" to handle the company's share affairs.	No difference.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓ ✓ ✓		(1) The Company has set up a website, the website is http://www.auden.com.tw , and exposes the company's financial business and corporate governance in the Investor service area. (2) The Company has set up websites in traditional Chinese, Simplified Chinese and English, has dedicated staff responsible for information collection and disclosure on the company's website and open Information Observatory, and has set up and reported information related to spokespersons and representative spokespersons as well as information related to corporate presentations as required. (3) The Company shall, in accordance with the law, complete the announcement and declare the annual financial report within the time limit, and announce the announcement and declare the financial report of the first, second and third quarters and the operating situation of each month before the prescribed time limit.	No difference.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee	✓		Employee rights : The current employment policies adopted by the company comply with legal requirements, relevant internal human rights policies, and regulations for the prevention of sexual harassment. We provide equal opportunities for applicants and	No difference.

Assessment criteria	Corporate governance in action		Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	
wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?			employees, requiring adherence to the company's code of conduct to create a high-quality corporate culture and working environment free from discrimination. We offer various insurance measures such as health insurance, labor insurance, and accident insurance, as well as contributions to employees' individual retirement funds. To promote employee health, we provide free regular health check-ups. Auden emphasizes work-life balance and organizes employee travel and various employee benefits. Employee care : A well-established employee communication mechanism is positively correlated with the company's operational growth. Therefore, Auden places special emphasis on internal communication among employees and strives to foster a harmonious and trusting atmosphere between labor and management. In addition to holding regular labor-management meetings for communication, we have established diverse channels for feedback, including setting up complaint hotlines, suggestion boxes, complaint email addresses, and harassment complaint boxes. The company has clearly defined legal and reasonable work hour management plans, established policies for flexible working hours, and regularly monitors and manages employee attendance. We also organize fitness-related activities and courses from time to time to allow employees to engage in physical exercise for mental and physical well-being alongside their work. Investor relations : The company adheres to the principles of integrity and fair disclosure of information, strives for transparency in corporate governance, regularly publishes the company's operation and financial information to the shareholders, and sets up the spokesman and acting spokesman system to fulfill the company's responsibility and obligation of information disclosure. The company has an "Investor Service zone" and a personal email address to handle suggestions and questions from investors. Supplier relationship : The company has established a long-term and good cooperative relationship with suppliers, and signed procurement contracts with important suppliers to clearly define the sale and cooperative relationship between the two parties, so as to protect the legitimate rights and interests of both parties. The rights of interested persons : The company and suppliers are to maintain long-term close cooperation, and there is a special reply E-mail, to provide interested parties smooth communication channels. The situation of director's study : The directors of the company all have industry background and have disclosed their training on the MOPS for the reference of shareholders and investors. The directors are required to take relevant courses as required.

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary									
			Implementation of risk management policies and risk measures : Internal regulations on risk management policies and procedures have been established by law, and various risk management and assessments are carried out on a regular basis. Implementation of customer policies : The company maintains a stable and good relationship with customers to create profits. Circumstances in which the company has purchased liability insurance for directors : The Company has liability insurance for directors and managers and evaluates the amount of insurance on an annual basis. <table><tr><th>Insurance company</th><th>Amount</th><th>Period</th><th>Report</th></tr><tr><td>Cathay Crntury Insurance</td><td>USD\$2,000,000</td><td>2023/7/29 - 2023/07/29</td><td>2023/08/08</td></tr></table> Succession planning and operation of board members and key management : Currently, our company has an ample pool of talent capable of serving as board members. In the fiscal year 111, a manager was appointed to join the board of directors, and in the fiscal year 112, they participated in board affairs, preparing to timely fill future vacancies on the board. Additionally, we plan to continuously recruit professionals from outside the company to serve as part of the succession planning for the board. Regarding independent directors, according to legal requirements, they need to possess working experience in business, legal affairs, finance, accounting, or company operations. The succession planning for independent directors in our company will primarily focus on seeking professionals from various fields. Managers and above in Auden are considered key management personnel. Through practical experience in company operations, we cultivate their succession capabilities. In the fiscal year 112, we selected three candidates from managers to serve as successors for key management positions. Through their participation in chairing management meetings, they gained practical experience in managing the company's operations. They also underwent training by managing operations in different business units and performing daily job duties, aimed at nurturing their succession capabilities. Key management personnel are also required to undergo succession training arranged by the company, covering leadership, strategic planning, crisis decision-making, and crisis management, with the goal of effectively developing leadership thinking.	Insurance company	Amount	Period	Report	Cathay Crntury Insurance	USD\$2,000,000	2023/7/29 - 2023/07/29	2023/08/08	
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Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies	
	Yes	No	Summary		
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)					
The 9 th Corporate Governance Evaluation Index has not improved priority strengthening projects					
No.	Index item		Improve the situation and strengthen measures		
1.2	Has the company established written regulations for financial and business transactions with related parties? These regulations should include management procedures for transactions such as sales and purchases, acquisition or disposal of assets, and stipulate that significant transactions require approval by the board of directors and consent or reporting to the shareholders' meeting.		The revisions are expected to be completed in the fiscal year 2024.		
1.15	Has the company established and disclosed on its website internal regulations prohibiting directors or employees from trading securities using undisclosed information? The content includes (but is not limited to) prohibiting directors from trading their stocks during a closed period of 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports, along with an explanation of enforcement.		We plan to complete the textual revisions of internal regulations in the fiscal year 2024 while ensuring compliance with legal requirements.		

(VI) Deviation between the sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
1. Does the Company have a governance structure for promoting sustainable development and a unit that specializes (or is involved in) in sustainable development promotion? Does the Board of Directors authorize the senior management to handle and oversee relevant matters?	✓		According to the "Sustainable Development Best Practice Principles" stipulated by the board of directors, there are a Chairman and two independent directors established for the "Sustainable Development Committee." in 2023, formulating strategies & plans then implement by「Sustainability Office」who convened various functional groups to take actions of sustainable developments. Sustainability office Implement, track and reported to sustainability committee to keep improve sustainable development strategies and plans. Each functional group conducts goal reviews every quarter to track the progress of various annual sustainability indicators and future work plans. At least 1-2 times a year, the Sustainable Committee will supervise various goals and implementation results. After resolution by the board of directors, relevant information will be regularly updated and disclosed on the company's website for the reference of stakeholders. During 2023 a total of 4 reports were carried out by the board of directors, on March 14, May 9, August 8 and December 20. The Sustainability Office is affiliated to the President Office. Its main responsibilities are: to propose plans and implement ESG-related work for sustainable development, and to report the implementation results to the Sustainability Committee on a regular basis before submitting them to the Board of Directors for approval. Externally: Promote the practice of corporate social responsibility, contribute to economy, society and environment, and achieve sustainable development goals. Internally: implement and promote corporate governance, the rights and interests of stakeholders, and formulate practical codes of practice for sustainable development, risk management policies, corporate governance codes of practice, integrity management codes, and specific projects. The organization chart and work responsibilities are disclosed in the "Corporate Sustainability Zone" of the company's website. The board of directors authorized the management to be responsible for ESG-oriented issues. The 2023 ESG report was disclosed included: corporate governance, innovative research, sustainable supply chain, information security, friendly workplace, environmental protection, and social participation. The management must propose company strategies to the board of directors, and the board of directors will judge the risks and feasibility of the success of the strategy, continuously review the progress of the strategy, and urge the management team to make adjustments when necessary.	Compliant with the rationale and practices of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."
2. Does the Company conduct risk assessment for environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		In accordance with the "Risk Management Policies and Procedures", the company conducts risk assessments for the headquarters in Taiwan, jointly with the board of directors and senior management executives, formulates relevant risk management strategies based on the principle of materiality, and discloses major themes in the ESG report in accordance with GRI standards. Environmental: (1) There is a dedicated unit for environmental management to identify environmental risks and opportunities based on environmental risk assessment and TCFD, obtain the necessary operating permits in accordance with environmental protection	Compliant with the rationale and practices of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
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			laws, introduce ISO 9001 and ISO 14001 environmental management systems, and improve the environmental awareness of relevant departments. Risks related to the environment, employee safety, customers, suppliers, etc. in operational activities can be grasped and responded to in a timely manner. (2) According to customer standards and specifications, abide by the laws and regulations of substances of very high concern SVHC, and manufacture RoHS-compliant products. (3) In response to climate risks, introduce energy-saving and carbon-reduction-related actions. Although the industrial characteristics are low-carbon and low-energy consumption, complete the ISO14064 greenhouse gas inventory report and verification through voluntary actions, and set carbon reduction targets; directly emit 14.9659 metric tons after verification /CO₂e, the total emission of Bade headquarters is 227.171 metric tons/CO₂e; We expect to respond to climate change and legal requirements in the early stage, and turn risks into opportunities. Social: (1) Youth Development: Launch internship programs and industry-university cooperation with National Central University, Taipei University of Technology, National Chung Cheng University, Ming Chuan University, Shute University and other universities. In addition, we implement a range of friendly workplace and social engagement programs. For more details, please see the ESG report and activity records on the company's website. (2) Labor relations: Through regular quarterly labor-management meetings, we communicate and continuously improve the workplace environment, provide diversified employee benefits and activities, implement education and training plans for different job functions, provide core skills training for middle-aged and elderly employees, and enhance labor Competencies - manage relationships and work effectively. Corporate Governance: (1) Information security: In recent years, due to the increasing reliance on informatization in operating activities, the company implements ISO27001 certification to strengthen information security, and conduct information security education, compliance, testing and case analysis for all employees from time to time. In 2023, no complaints about information security incidents from customers, external or regulatory agencies. (2) Social economy and compliance with laws and regulations: Establish corporate governance supervisors and organizations, implement internal control mechanisms, Director plans the latest regulations, system development and policy-related training topics, and take out Director liability insurance to protect them from litigation or claims. (3) Stakeholder communication: Establish various communication channels to reduce confrontation and misunderstanding. Investor communication is handled by the spokesperson and is responsible for managing the response. For more information, please refer to our ESG report and website.	
3. Environmental issues (1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		(1) The company has established and improved environmental management procedures and systems, and continues to maintain the environmental management system (ISO14001) to organize third-party certification; and conduct annual greenhouse gas inventory in accordance with ISO14064-1, track the effect of	Compliant with the rationale and practices of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed

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	Yes	No	Summary																								
(2) Is the Company dedicated to enhancing energy efficiency and using recycled materials with low impact on the environment?	✓		emission reduction and publicly disclose it in the sustainability report and our website. (2) The company actively promotes various energy reduction measures, selects high-energy-efficiency equipment, and gradually replaces equipment with high energy efficiency and energy-saving design to reduce energy consumption of enterprises and products. The solar energy equipment has been completed and put into use, generating carbon reduction benefits. During 2023, The annual carbon reduction by renewable energy self-consumption 10.48 metric tons, and Purchasing 40 green electricity (T-REC) certificates reduces carbon emissions by 19.8 metric tons. We will continue to expand the use of renewable energy to achieving the declared 2025 RE10X10 10% green electricity usage target. The raw materials used by the company are in compliance with the RoHS and REACH regulations of the European Union. Our industry belongs to the technology research and development and technical services. The products and services are low-carbon and waste-free, and the recycling and reuse of packaging materials are implemented to continuously reduce waste.	Companies.”																							
(3) Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take measures to respond to climate-related issues?	✓		(3) Through the corporate sustainability team, the company continues to analyze climate change with TCFD and formulate response measures. It reviews climate change strategies, risks and opportunities every year, keeps track of goals and observes possible impacts. Through early actions, risks can be turned into Opportunities are transformed into operating projects that are compatible with green power and carbon emissions, and relevant energy transformation and conservation measures are formulated, and employees respond together. In terms of climate mitigation, it develops according to projects such as energy management, green buildings, and carbon information disclosure; in terms of climate adjustment, the company has planned to build sustainable operating capabilities and make full use of measures such as green buildings.																								
(4) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	✓		(4) The company has completed the ISO14064-1 inspection and verification of 2022 for the Bade headquarter. Greenhouse gas emissions in the last 2 years: (The organizational scope is Bade Headquarters) Unit:Tons/ CO2e <table><tr><th>Year</th><th>Cat. 1</th><th>Cat. 2</th><th>Cat. 3</th><th>Cat. 4</th></tr><tr><td>2022</td><td>14.6581</td><td>128.6258</td><td>67.0075</td><td>27.0204</td></tr><tr><td>2023</td><td>14.9659</td><td>118.7835</td><td>61.9204</td><td>31.5009</td></tr></table> Branches and regional offices have low emissions, and will gradually complete the inventory and verification in accordance with the plan. Electricity emissions mainly from category 2 accounted for 52.29%. In order to continue to achieve the international carbon reduction trend, the company continues to carry out carbon reduction actions while operating and growing, controlling and reducing carbon emissions year by year through negative emission technologies. Water consumption in the last 2 years: (The organizational scope is Bade Headquarters) Unit: tons <table><tr><th>Year</th><th>Water Consumption</th><th>Consumption per capita</th></tr><tr><td>2022</td><td>3,817</td><td>33</td></tr><tr><td>2023</td><td>1,907</td><td>16</td></tr></table> We has invested in a number of water-saving equipment, mainly		Year	Cat. 1	Cat. 2	Cat. 3	Cat. 4	2022	14.6581	128.6258	67.0075	27.0204	2023	14.9659	118.7835	61.9204	31.5009	Year	Water Consumption	Consumption per capita	2022	3,817	33	2023	1,907
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	Yes	No	Summary																						
			domestic water for offices, and no manufacturing process wastewater. Due to the continuous growth of personnel, the total water consumption has not decreased significantly, so the continuous observation is based on per capita water consumption. Amount of waste in the last 2 years: (The organizational scope is Bade Headquarters) Unit: kg <table><tr><th>Year</th><th>Total waste</th><th>Waste per capita</th></tr><tr><td>2022</td><td>6,231</td><td>54</td></tr><tr><td>2023</td><td>6,309</td><td>51</td></tr></table> Electricity consumption in the last 2 years: (The organizational scope is Bade Headquarters) Unit: degree <table><tr><th>Year</th><th>Electricity Consumption</th><th>Electricity Consumption (per Person)</th><th>Renewable Energy</th></tr><tr><td>2022</td><td>252,703</td><td>2,178</td><td>1.83%</td></tr><tr><td>2023</td><td>279,967</td><td>2,276</td><td>7.6%</td></tr></table> Compared with 2022, the per capita electricity consumption in 2023 increase by 98 kWh/person. The main reason is the increase in operating activities. Old equipment that is more than 10 years had be replaced by end of 2023. The electricity consumption will be monitored quarterly. The per capita waste volume in 2023 reduced by 3kg/person.	Year	Total waste	Waste per capita	2022	6,231	54	2023	6,309	51	Year	Electricity Consumption	Electricity Consumption (per Person)	Renewable Energy	2022	252,703	2,178	1.83%	2023	279,967	2,276	7.6%	
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2023	279,967	2,276	7.6%																						
4. Social issues (1) management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		(1) Auden voluntarily adheres to internationally recognized human rights standards, labor regulations, and relevant personnel norms, including but not limited to the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and relevant documents from the International Labour Organization. We pledge to respect the safeguards established by the Human Rights Conventions through the establishment and implementation of a Labor Rights Code, and we will publish relevant information on Auden's website. Annually, we conduct reviews of our operations, value chains, and other relevant activities through methods such as monitoring social issues, data monitoring, and surveys to identify and evaluate groups at risk and potential human rights risks. Based on potential risks, we formulate human rights issue control plans and continuously monitor and improve the implementation results of these plans. The summary of Auden's Human Rights Management Policy and specific plans for the 2023 are as follows: A. Policies related to employee compensation and benefits are published on the Auden's website under the "Talent Recruitment" section. Average salaries are disclosed according to information from public observation stations and are superior to industry standards. B. To promote the physical and mental health of employees and achieve a work-life balance, we have established a Staff Welfare Committee. Various welfare activities are organized irregularly, such as family hiking events, employee fun competitions, employee holiday vouchers, maternity allowances, marriage allowances, funeral allowances, and events related to health, humanities, arts, Thanksgiving, Christmas, etc. Additionally, we collaborate with the sustainable developments. Sustainability office to participate in public welfare activities, encouraging	Compliant with the rationale and practices of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”																					

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
			employees to care for the community and join charitable organizations, enriching life experiences. We provide health seminars, health consultation, and actively promote employee health and a happy workplace. C. Flexible working hours are implemented, and leaves are granted in accordance with government labor regulations. D. Eradicating all forms of unlawful discrimination and ensuring equal employment opportunity policies: YaoDeng Technology implements its human rights policy through internal control procedures, ensuring that employees and job seekers are not subjected to differential treatment or any form of discrimination or unfair treatment based on factors such as race, class, language, ideology, religion, political affiliation, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, disabilities, constellation, blood type etc., in matters relating to labor rights, including recruitment, employment, compensation and benefits, education and training, promotion, performance evaluation, resignation, dismissal, layoff, or retirement. Number of work discrimination complaints in the fiscal year 2023: 0 cases. E. Guaranteeing policies for the employment quota of persons with disabilities: As of December 31, 2023, the company has employed a total of 3 employees with disabilities. F. Prohibition of child labor: To ensure compliance with YaoDeng Technology's human rights policy, the prohibition of child labor is clearly stipulated from the start of recruitment. During hiring, government-issued identification documents are checked to verify the age of applicants. As of the end of December 2023, the total number of employees is 135, with zero child laborers. G. Prohibition of all forms of forced labor policy: YaoDeng Technology has established the "Prevention Plan for Illegal Infringement on Duty Execution" and the "Complaint and Handling Procedures for Prevention of Sexual Harassment." Gender equality education and prevention of sexual harassment education are conducted, and there is an employee complaint channel to ensure the safety of employees. In 2023, there were no forced labor, sexual harassment and other related cases. H. Assisting employees in maintaining physical and mental health and work-life balance: YaoDeng Technology implements a flexible working hours system, with flexible hours from 08:30 to 10:00, providing more flexibility for employees' work schedules. In 2023, the company organized a company-wide mountain cleaning activity and a fun competition. The mountain cleaning activity had a participation rate of 85% of employees and their families. Through hiking activities, volunteers from the Green Innovation Association provided explanations of mountain plants and cleared small-flowered Japanese knotweed and garbage, allowing colleagues to relieve stress and contribute to the environment! The company's fun competition had a participation rate of 74% of employees and their families, allowing colleagues to relax and cooperate across departments through team competitions outside of work. I. Gender Equality Policy: YaoDeng Technology implements a	

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
(2) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?	✓		maternity leave without pay system and provides lactation room facilities. In the fiscal year 2023, a total of 3 colleagues applied for maternity leave without pay, and currently, 2 female colleagues continue to use the facilities. Regarding family care, if there are family members who need care, employees can apply for telecommuting. In the fiscal year 2023, a total of 2.22% applications were approved for telecommuting. J. Open Consultation and Assistance Channels: Maintaining harmonious labor relations allows the company to unite and work together to achieve corporate goals, avoiding conflicts between labor and management. This creates a fair and honest work environment, enabling employees and the company to grow steadily together and fulfill corporate social responsibilities. K. Human Rights Education and Training: YaoDeng Technology continues to focus on human rights protection and implements related training to raise awareness of human rights protection and reduce the likelihood of related risks. In the fiscal year 2023, human rights advocacy totaled 144 participants and 101.5 hours, while integrity management training involved 198 participants and 155.5 hours. L. Epidemic Prevention Measures: Implementing mechanisms such as telecommuting for employees and workplace flow control to establish standard operating procedures and swiftly respond to and control the risk of internal epidemic spread within the company. In the fiscal year 2023, the factory area was disinfected a total of 4 times. M. Creating a Friendly Workplace Environment: Starting from the concept of energy-saving sustainability and comfortable research and office environments, YaoDeng Technology plans according to the requirements of international LEED certification, green buildings, and smart buildings to create a friendly workplace environment. This attracts talent and contributes to the company's sustainable future development. (2) Employee Compensation Our company's compensation and evaluation system emphasizes fairness and equality. The salary structure includes monthly salary, year-end bonuses, performance bonuses, and employee remuneration. The salary determination for new employees takes into account the applicant's educational and professional background, market salary standards, and is based on principles of internal and external equity. All full-time employees enjoy consistent compensation benefits. We participate in annual market salary surveys to review local base salary levels based on market standards and economic trends, maintaining overall compensation competitiveness. Performance bonuses are distributed based on the company's revenue achievements and employee performance. Employee remuneration is allocated according to the company's articles of association, based on the annual profit (before tax and before employee and director remuneration). After covering accumulated losses, the remaining profit is allocated to employee remuneration, which should not be less than 2% of the company's annual profit, while director remuneration should not exceed 2%. Distribution is based on individual contributions and performance of employees from eligible subsidiaries. Employee Benefits:	

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
(3) Does the Company provide employee with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		Our company prioritizes employee care, providing not only compensation and bonuses but also implementing restricted employee stock policies to encourage employee retention. All employees receive labor insurance, health insurance, group accident insurance, travel accident insurance, regular health check-ups, free meals or meal allowances, on-the-job training, and external professional training. Additionally, the company allocates over 2 million TWD annually to the employee welfare fund, managed by the Welfare Committee, which meets regularly to discuss welfare activities and provide high-quality benefits such as subsidies for employee travel, holiday bonuses, birthday vouchers, marriage allowances, maternity allowances, and funeral allowances. Regarding the leave system, employees who face situations like childcare, serious illness, or significant personal events requiring extended leave can apply for unpaid leave to balance personal and family needs. Workplace diversity and equality: We strive for gender pay equality and equal opportunities for promotion. In the year 112, the ratio of female to male supervisors was 1:1.75, and for non-supervisory positions, it was 1:1.32. Our company values employee rights and welfare, maintains a good working environment, and provides facilities friendly to people with disabilities. We also provide comprehensive physical, mental, and spiritual care, including promoting the empowerment of disabled employees, indigenous people, and foreign employees to create a friendly workplace environment where all genders can work comfortably. (3) Our company follows the Occupational Safety and Health Act, as well as the regulations of customers and related organizations, to establish the "Safety and Health Work Code." We respect the requirements of relevant stakeholders for occupational safety and health to create a healthy and happy workplace. Our core philosophy focuses on disaster prevention and mitigation. We enhance employee protection management and invest resources to prevent occupational diseases, aiming to create a zero-accident environment. In 2023, the combined injury index for employees and contractors was 0. There were no major industrial safety accidents, zero occupational injury hours, and a disability injury rate of 0%. In compliance with the law, we conduct "general health check-ups" for all employees. If any abnormal results are detected, department supervisors are asked to provide care and follow-up. Additionally, employees under the age of 45 receive health check-ups every two years. While the company does not have specific health check-up items, our on-site occupational health staff use the results to plan subsequent health management. According to the Labor Health Protection Regulations, our contracted occupational health personnel conduct regular assessments and visits to ensure maternal health protection in the workplace, prevention of ergonomic hazards, prevention of illegal occupational harm, prevention of diseases triggered by abnormal workloads, and implementation of labor health protection plans. We provide health consultations to employees, equip all plant areas with sufficient emergency kits and response tools for immediate use, and appoint dedicated personnel to regularly update and replenish the contents of the emergency kits.	

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof																								
	Yes	No	Summary																									
			Health Management Sessions by Contracted Occupational Health Personnel in the Last Two Years: <table><tr><th>Year</th><th>On-site Visits by Contracted Physicians</th><th>On-site Visits by Contracted Nurses</th></tr><tr><td>2022</td><td>4</td><td>48</td></tr><tr><td>2023</td><td>4</td><td>48</td></tr></table> To prevent industrial safety accidents, provide a friendly work environment, and ensure the safety of employees and contractors, the Occupational Safety Committee was established on November 8, 2023. This committee discusses and implements various occupational safety management measures and will hold quarterly meetings as required by regulations. Number of Participants in Industrial Safety Education and Promotion in the Last Two Years: <table><tr><th>Year</th><th>Fire Disaster Prevention</th><th>Occupational Safety and Health</th></tr><tr><td>2022</td><td>98</td><td>27</td></tr><tr><td>2023</td><td>182</td><td>47</td></tr></table> To protect workers from the hazards of harmful substances in the workplace and to provide a healthy and comfortable work environment, the company conducts work environment monitoring twice a year, once in the first half and once in the second half of each year. In 2023, a total of 2 work environment monitoring sessions were completed. Number of Work Environment Monitoring Sessions in the Last Two Years: <table><tr><th>Year</th><th>Work Environment Monitoring</th></tr><tr><td>2022</td><td>2</td></tr><tr><td>2023</td><td>2</td></tr></table>	Year	On-site Visits by Contracted Physicians	On-site Visits by Contracted Nurses	2022	4	48	2023	4	48	Year	Fire Disaster Prevention	Occupational Safety and Health	2022	98	27	2023	182	47	Year	Work Environment Monitoring	2022	2	2023	2	
Year	On-site Visits by Contracted Physicians	On-site Visits by Contracted Nurses																										
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Year	Fire Disaster Prevention	Occupational Safety and Health																										
2022	98	27																										
2023	182	47																										
Year	Work Environment Monitoring																											
2022	2																											
2023	2																											
(4) Does the Company have an effective career capacity development training program established for the employees?	✓		(4) Our company provides job-related training for supervisors and employees at all levels, including new employee training, professional advancement training, and supervisor training. We also incorporate the belief in corporate ethics into relevant training courses. Every year, employees undergo regular performance evaluations to assess their career abilities and development training plans. In the year 112, the total training hours amounted to 2,579 hours, with an average of 19.10 hours per person.																									
(5) With respect to the issues related to products and services, such as customer health and safety, customer privacy, marketing and labeling, does the Company conform to the relevant regulations and international standards and establish the relevant rights protection policies and complaint procedures for the consumers or customers?	✓		(5) In order to ensure and maintain the health and safety of customers and guarantee the all-round service quality of customers, the company regularly holds meetings of the comprehensive quality management committee, production and sales meetings and business meetings. In response to customer complaints, we communicate with customers immediately and fully, and have a channel for customer complaints on the website. In 2023, no customer complaints occurred.																									

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		(6) Auden has established relevant evaluation and management methods. In addition to requiring close cooperation with suppliers, it also regularly evaluates suppliers. In addition to expressly stipulating supplier compliance obligations in the business contract, the company communicates with suppliers about the company's supplier management policies (including environmental protection, occupational safety and health, or human rights, etc.) through bidding instructions and manufacturer briefings. The merchant and its personnel are providing benefits to the company's personnel in order to facilitate the signing of the contract, seek illegal benefits, avoid their own losses or other illegal intentions.	
5. Does the Company use internationally accepted standards or guidelines for preparation of reports as reference in preparing the corporate sustainability report and other reports disclosing non-financial information of the Company? Have such reports been assured, verified or certified by a third party?		✓	Auden compiles the "2023 ESG Report" in accordance with the GRI Standards 2021, TCFD, SASB and discloses sustainability related information on the company website and MOPS.	Compliant with the rationale and practices of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies."
6. In the event that the Company has established sustainable development practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between the implementation and the established principles : No deviation.				
7. Other information useful to the understanding of the promotion of sustainable development : Auden believes that in addition to economic contributions to society, enterprises should also play a proactive role in other aspects. The whole factory actively cooperates with the government's green energy policy, promotes green energy planning, and implements waste reduction, waste classification and resource recovery in energy-saving measures to reduce environmental pollution. We spare no effort in recruiting, retaining and cultivating talents, actively promote employee training and industry-university cooperation, enhance employee functions, and create a mutually beneficial working environment; welfare measures are superior to laws and regulations. The average salary level is also better than that of the industry.				

(VII) Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
(1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Board of Directors serves as the highest governing body for climate change management, responsible for guiding the company's response and decision-making regarding climate change. Under the Board, the "Sustainable Development Committee" is established, and the "Sustainable Development Office" convenes various functional groups to execute, track, and improve sustainable development strategies and plans. Each quarter, the functional groups review their goals, track the progress of annual sustainability indicators, and regularly submit their findings to the Sustainable Development Committee for review before reporting to the Board of Directors. This ensures the promotion and implementation of corporate sustainability initiatives. In 2023, four reports were presented to the Board of Directors on March 14, May 9, August 8, and December 20.
(2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	In 2023, the company identified the following significant climate-related risks and opportunities : ● Risks Fuel/Energy Tax Regulations (Short-term): Policies and regulations developed in response to climate change may pose a risk of carbon tax imposition, leading to increased operational carbon costs. Extreme Weather Events such as Typhoons and Floods (Short-term): The severity of extreme weather events may increase, affecting employee attendance and potentially causing disruptions in water and electricity supply, logistics, and supply chain operations. This could result in production stoppages or reductions and resource losses, thereby increasing the company's operating costs.

Item	Implementation status
	Changes in Customer Behavior (Short to Medium-term): To enhance brand image and comply with environmental policies, customers may demand gradually increased product energy efficiency or require low-carbon raw materials and eco-friendly packaging, leading to higher operating costs. ● Opportunities Resource Efficiency (Short to Medium-term): Constructing new facilities with green building designs and planning energy management systems can effectively control electricity and water use efficiency, reducing operating costs and increasing asset value. Use of Low-Carbon Energy (Short to Medium-term): Setting carbon management goals and establishing robust carbon management systems can reduce Yaoteng's environmental impact, meet stakeholder expectations, and enhance corporate image.
(3) Describe the financial impact of extreme weather events and transformative actions.	Extreme weather events will affect employee attendance and may cause disruptions in water and power supply, logistics, and transportation, or supply chain breakdowns. This can lead to production stoppages or reductions and resource losses, increasing the company's operating costs. The company has planned to establish a comprehensive backup emergency generator at the corporate headquarters by 2025 and regularly replace equipment to enhance disaster prevention capabilities. Although this will increase operating costs, it can reduce the likelihood of future operational interruptions and asset damage.
(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system	The Board of Directors has established a Sustainable Development Committee, which, through the Sustainable Development Office, convenes various functional groups to execute, track, and improve sustainable development strategies and plans. Climate change risks are incorporated into the company's sustainability risk management system.
(5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The company discussed the 2°C Scenario (2DS) during the Sustainable Development Office meeting, concurrently using tools provided by the TCCIP (Taiwan Climate Change Projection Information and Adaptation Knowledge Platform) as a reference for assessing physical climate change risks. Ultimately, the 2DS / RCP2.6 scenario was selected as the company's climate change physical risk scenario. For detailed parameters, assumptions, analysis factors, and major financial impacts, please refer to the company's sustainability report.
(6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The company is actively promoting net-zero emissions and has set climate-related targets, including achieving at least 10% renewable energy usage by 2025, formulating an "Energy Control Policy," strengthening the green supply chain, increasing the proportion of green products and recycled materials, and enhancing the circular recycling mechanism. Additionally, the company is planning to implement energy management systems in its new corporate headquarters.
(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Internal carbon pricing was not used in 2023.
(8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Our company aims to achieve RE100 by 2035 and carbon neutrality by 2040. Since Scope 2 accounts for approximately 60%, our primary strategy for carbon reduction involves green electricity. Considering costs, we estimate a distribution of 20% self-generated and self-used, 20% external certificate purchase, and 20% green electricity procurement. For Scope 1 and 3, solutions include gradually implementing circular design, packaging, and energy-saving equipment to reduce carbon emissions. By 2040, we will consider using alternative energy and carbon credits. In 2023, the goal of reducing carbon emissions by 6 tons was achieved by implementing the following carbon reduction solutions: purchasing 40 certificates and generating 21,176 kWh of self-consumed energy. Compared to 2022, this year saw an additional reduction of 13.217 tons. Combined with the 6-ton target, the total carbon reduction amounted to 19.217 tons. ● Short-term Goals (1-3 years): Reduce CO₂e emissions by 6 tons per year in 2024. ● Mid-term Goals (3-5 years): Achieve 10% green electricity by 2025. Obtain LEED and green building certification by 2026. ● Long-term Goals (5+ years): Achieve 100% green electricity by 2050, with the aim of reaching this goal before 2035.
(9) Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete	1. Greenhouse gas inventory information and assurance status in the most recent

Item	Implementation status			
action plan	two-year period			
	1.1 Greenhouse gas inventory information			
	2023			
	Scope	Company	Total emissions (tons of CO2e)	Intensity (tons of CO2e/ million TWD)
	Scope1	Auden	14.9659	0.14
	Scope2	Auden	118.7835	
	Scope3	Auden	61.9204	
	2022			
	Scope	Company	Total emissions (tons of CO2e)	Intensity (tons of CO2e/ million TWD)
	Scope1	Auden	14.6581	0.16
	Scope2	Auden	128.6258	
	Scope3	Auden	67.0075	
	1.2 Greenhouse gas assurance status			
	2023			
	Scope	Company	Assurance organization	Description of assurance status
	Scope1	Auden	Taiwan Testing and Certification Center (ETC)	Full assurance information will be disclosed in the Sustainability Report.
	Scope2	Auden		
	Scope3	Auden		
	2022			
	Scope	Company	Assurance organization	Description of assurance status
	Scope1	Auden	Taiwan Electric Research & Testing Center (TERTEC)	Full assurance information will be disclosed in the Sustainability Report.
	Scope2	Auden		
	Scope3	Auden		
2. Greenhouse gas reduction targets and strategies, and specific action plans :				
For the greenhouse gas reduction targets and strategy, please refer to section (8) 'Implementation status of climate-related information' on pages 47.				
● Greenhouse Gas Reduction Strategies 1. Actively promote energy-saving, carbon reduction, and waste reduction measures. 2. Develop renewable energy installation plans. 3. Formulate sustainable healthy green building projects. ● Greenhouse Gas Reduction Programs 1. Regularly review contract capacities to improve energy efficiency. 2. Install a new solar power plant of approximately 70 kW in the new factory area and purchase green power certificates. 3. Promote vegetarian days to reduce carbon emissions from food. 4. Implement the use of eco-friendly coffee cups at headquarters to reduce disposable waste. 5. Promote digitization and paperless processes to reduce paper usage. ● Greenhouse Gas Reduction Goals 1. Reduce greenhouse gas emissions by 6 tons in 2024. 2. Participate in the RE10X10 commitment to achieve 10% green electricity by 2025. 3. Obtain LEED and green building certification by 2026.				
For detailed information on the company's sustainable development operations, please refer to our sustainability report.				

(VIII) Implementation of ethical corporate management, deviation thereof from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and causes thereof

Assessment criteria	Status of implementation			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies? (3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		(1) The Company's "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Behavior Guideline" were approved by the board meeting and published on the Company's website. All directors and senior management of the Company have also signed the "Declaration of Compliance with the Ethical Corporate Management Policy". (2) The Company has implemented a set of "Business Integrity Procedures and Behavioral Guidelines" based on the outcome of risk assessments performed on business activities of higher risk of dishonesty. The above procedures and guidelines cover all preventive measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". (3) The Company's "Ethical Corporate Management Operating Procedures and Behavior Guideline" specifically regulates the operating procedures, behavior guidelines, punishment for violation of regulations and appeal system, and the internal audit unit shall check the compliance from time to time. Sustainable Development Office reviews these regulations annually, and the latest version of the regulations was issued on December 28, 2022.	Compliant with the rationale and practices of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? (2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? (3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented	✓		(1) Suppliers have to sign the "Integrity Declaration and Undertaking", before establishing business relationships, the Company shall evaluate the legitimacy, integrity, and operational policy of the agents, suppliers, customers or other business entities, and whether there are any records of dishonesty, to ensure that the business operations of such entities promote integrity as well as transparency, and will not demand, offer or receive bribes. (2) Sustainable Development Office of the Company is responsible for the promotion of ethical corporate management; it is in charge of the formulation, supervision and implementation of the ethical corporate management policy and prevention plan, and reports the implementation status to the board meeting at least once a year. Sustainable Development Office reported the 2023 implementation of ethical corporate management to the Board of Directors on March 13, 2024. (3) The Company has implemented an "Integrity Code of Conduct" and "Ethical Conduct Guidelines" to prevent conflict of interest. Contacts and channels have also been made available to enable report of illegal or unethical conduct.	Comply with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" philosophy and implementation

Assessment criteria	Status of implementation			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
such policies?				
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		(4) The Company has developed effective and fully computerized accounting policy and internal control system, and assigned internal auditors to devise audit plans based on the outcome of integrity risk assessment, as well as to audit employees' compliance with various preventions against dishonest conduct.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(5) The Company holds ethical corporate management training every year. In 2023, a total of 182 people completed ethical corporate management related courses.	
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	✓		(1) In the Company's "Ethical Corporate Management Operating Procedures and Behavior Guideline", there is a specific reporting and reward system for unethical behavior of the Company's employees which is announced on the Company's internal and external websites, and under the charge of the Audit Office.	Comply with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" philosophy and implementation *
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		(2) The Company standard operating procedures for accepting accusation matters which include acceptance requirements, case handling procedures, protection measures for accusers and data preservation.	
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		(3) According to the Company's regulations, the relevant staff dealing with whistleblowing cases shall keep the identity of the whistleblower and the content confidential, and to only disclose the information to certain personnel. A reasonable preventive and protective measure will be applied to protect the informer from revenge.	
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has announced its "Ethical Corporate management Best Practice Principles" on the Company website and the MOPS, and disclosed the "Ethical Corporate Management Operating Procedures and Behavior Guideline" and the annual focus on the Company website.	Comply with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" philosophy and implementation
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: None				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): In addition to "Integrity Code of Conduct," the Company also has other internal policies such as Ethical Conduct Guidelines and Insider Trading Prevention in place.				

(IX) If the Company has established corporate governance principles and relevant regulations, the ways through which they can be searched for must be disclosed: : For more information on the corporate governance regulations developed by the Company, please visit the the "Corporate Governance" section on the MOPS (mops.twse.com.tw).

(X) Other important information enabling better understanding of the Company's corporate governance implementation: None.

(XI) Implementation of the internal control system:

1. Statement of Declaration of Internal Control:

Auden Technology Corporation

Statement of Internal Control System

Date : March 13, 2024

Based on the findings of a self-assessment, Auden Technology Corporation states the following with regard to its internal control system during the year 2023:

1. The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and the managers of the Company. The Company has established the system for the purpose of guaranteeing the reliability, timeliness and transparency report of the effectiveness and efficiency of the operation (including profitability, performance, asset security, etc.) and ensuring all follow relevant laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities. Each component includes number of items. Please see the Regulations for rules of the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance on our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report for the current period and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the Board of Directors in their meeting held on March 13, 2024, with all nine attending directors affirming the content of this Statement.

Auden Technology Corporation

Chairman : CHANG Yu-pin

President : CHANG Yu-pin

2. Certified public accountants commissioned to conduct internal audit and the audit report: None.

(XII) Where the punishments received by the Company and the internal personnel thereof in accordance with laws or imposed by the Company on the internal personnel thereof violating the requirements of the internal control system in the most recent year up to the publication date of this annual report may lead to a material effect on

shareholders' equity or stock price, such punishments, material deficiencies and improvements shall be specified: None.

(XIII) Major resolutions of shareholders' meetings and the Board of Directors in the most recent year up to the publication date of this annual report:

1. Important resolutions and implementation of the shareholders' meeting in 2023

- Acknowledge the 2022 annual business report and financial statement

Execution situation : Resolution passed.

- Acknowledge the 2022 surplus allocation plan

Execution situation : Resolution passed. The ex-dividend base date is May 3rd, 2023 and is payable on May 19th, 2023. The cash dividend payment amount is NT \$3.5 per share and the total cash dividend distribution amount is NT \$163,488,721.

- To approve the amendment of the "Articles of Company"

Execution situation : Resolution passed. The revision will take effect on June 27, 2023.

- To approve the amendment of the "Rules of Procedure for Shareholders Meetings"

Execution situation : Resolution passed. The revision will take effect on June 27, 2023.

Important decisions of the board

Date	Important resolution matters
2023/03/14	1. Amend the " Procedure for Board of Directors Meetings " section. 2. Amend certain articles of the company's " Articles of Company " 3. Establish the "Organization Regulations of the Sustainable Development Committee" for the company. 4. Internal Control Statement and Self-Assessment Report. 5. Proposal for the distribution of director remuneration and employee compensation for 2022 of the company. 6. Proposal for the allocation principles and amounts of director remuneration for 2022 of the company. 7. Proposal for the allocation principles and amounts of managerial staff compensation for 2022 of the company. 8. Proposal to continue the appointment of the company's auditors and review auditors, and the allocation of public fees. 9. Financial statements for 2022 of the company. 10. Operating report and profit distribution statement for 2022 of the company. 11. Proposal for the agenda of the shareholder's meeting for 2023 of the company. 12. Proposal for the company to donate to the Auden Education Foundation.
2023/05/09	1. Amend certain articles of the " Corporate Governance Best Practice Principles " 2. Amend certain articles of the company's " Sustainable Development Best Practice Principles" 3. Amend certain articles of the company's " Rules of Procedure for Shareholders Meetings " 4. Proposal for the issuance of new shares with restricted employee rights for 2021. 5. Implementation of talent retention plans for each department in coordination with the issuance of new shares with restricted employee rights for 2021. 6. Actual distribution of managerial staff compensation for 2022 of the company. 7. Consolidated financial statements for the 1 st quarter of 2023 of the company. 8. Proposal to amend the agenda for the shareholder's meeting for 2023.
2023/08/08	1. Proposal to establish the Sustainable Development Committee. 2. Appointment of members for the 1 st term of the company's Sustainable Development Committee. 3. Proposal to distribute performance bonuses to managerial staff for the 1H of 2023. 4. Amendment of certain articles of the "Restriction on Employee Rights New Shares Regulations for 2021" of the company. 5. Revision of the allocation amount of the Restriction on Employee Rights New Shares for 2021. 6. Amendment of the number of shares for the initial issuance of new shares with restricted employee rights for 2021 and formulation of the base date for capital increase. 7. Proposal to establish the base date for reduction of capital to facilitate the cancellation registration

Date	Important resolution matters
	of previously issued Restricted Employee Rights New Shares. 8.Consolidated financial statements for the 2nd quarter of 2023 of the company. 9.Proposal to establish the Pre-Approval Procedure for Non-Assurance Services provided by the company's signing accountants. 10.Anticipated non-assurance services to be provided by KPMG for 2023.
2023/09/22	1.The company plans to carry out a cash capital increase by issuing new shares.
2023/11/07	1.Appointment of the "Information Security Officer". 2.Participation of managers in the subscription allocation for the cash capital increase. 3.Participation of managers in the allocation of funds for the employee shareholding trust company. 4.Proposal to capitalize 100% subsidiary AUDEN TECHNO (BVI) CORPORATION to increase 100% subsidiary AUDEN TECHNO VIETNAM CO., LTD. 5.Company's consolidated financial statements for the 3rd quarter of 2023.
2023/12/20	1.Proposal for the establishment of the company's sustainable procurement strategy. 2.Proposal to approve the company's operational plan for 2024. 3.Proposal to establish the internal audit plan for 2024. 4.Managerial performance bonuses for the 2H of 2023 and year-end bonuses for 2023. 5.Proposal to establish performance evaluation criteria for managers for 2024. 6.Proposal to establish performance evaluation criteria for directors for 2024. 7.Proposal to establish performance evaluation criteria for independent directors serving on functional committees for 2024. 8.Company's bank credit limit proposal. 9.Proposal to capitalize 100% subsidiary AUDEN TECHNO (BVI) CORPORATION to increase 100% subsidiary AUDEN TECHNO VIETNAM CO., LTD. 10.Proposal for endorsement guarantee for subsidiary AUDEN TECHNO VIETNAM CO., LTD.
2024/03/13	1.Amendment proposal for the " Procedure for Board of Directors Meetings ". 2.Internal Control Statement and Self-Assessment Results Report. 3.Proposal for the distribution of director and employee remuneration for 2023. 4.Proposal for the allocation principles and amounts of director remuneration for 2023. 5.Proposal for the allocation principles and amounts of managerial remuneration for 2023. 6.Proposal to establish the basis date for the reduction of issued restricted employee stock. 7.Proposal to change the service fees for the company's financial statement auditors and review auditors. 8.Company's financial statements for 2023. 9.Company's operating report and profit distribution statement for 2023. 10.Proposal to set the agenda for the 2024 Annual General Meeting of Shareholders.

(XIV) Directors' dissenting opinions on major resolutions made by the Board of Directors in the most recent year up to the publication date of this annual report, which have been on record or stated in written statements: None.

(XV) Summary of resignation or dismissal of the Company's Chairman, presidents, accounting officer, financial officer, internal audit officer, chief corporate governance officer and R&D officer in the most recent year up to the publication date of this annual report: None.

V. Information on CPA Professional Fees

Unit: In thousands of New Taiwan Dollar

Name of CPA Firm	Name of CPA	CPA Auditing Period	Audit Fee	Non-Audit Fee	Total	Notes
KPMG Taiwan	Lu,Li-Li	2023.01.01~2023.12.31	3,340	1,698	5,038	Non-audit fees include tax visas, transfer pricing reports and other consulting services.
	Wu ,Lin					

- (I) When the accounting firm is changed and the amount of fees paid for auditing services during the year in which the change is made is lower than that during the previous year, the amounts before and after the change and the causes of such decrease shall be disclosed: None.
- (II) When the amount of fees paid for auditing services is 10% or more lower than that during the previous year, the amount by which the fees decreased, the proportion thereof, and the causes of such decrease shall be disclosed: None.

VI. Information on Replacement of CPAs :

1. Information regarding the former CPAs

Date of replacement	February 20 th , 2024		
Reason for replacement and explanation	To cope with the internal transfer within the accounting firm, starting 2023 Q1, the CPAs of KPMG Taiwan would be changed from Lu,Li-Li and Wu ,Lin to Wu,Chia-Han and Wu,Chung-Shun.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties Circumstances	CPAs	The Company
	Terminated the engagement	N/A	N/A
	No longer accepted (discontinued) the engagement	N/A	N/A
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
	Specify details : None		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

2. Information Regarding the Successor CPAs

Name of accounting firm	KPMG Taiwan
Names of CPAs	Wu,Chia-Han and Wu,Chung-Shun
Date of engagement	February 20 th , 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

3. Reply letter from former CPA on matters provided in item 1 and matter No. 3 in item 2, paragraph 6, Article 10 of these Guidelines: None.

VII. The Company's Chairman, Presidents or managers responsible for financial or accounting operations who assumed positions in an office of the CPA who certified the financial statements or in any of its affiliates in the most recent year : None.

VIII. Any transfer of equity interests and pledge of or change in equity interests of directors, managers, or shareholders with a stake of more than 10% in the most recent year up to the publication date of this annual report

(I) Transfer of equity by a director, manager or major shareholder

Title	Name	2023		As of April 27, 2024	
		Change in Shareholding	Increase (decrease) on Pledged Shares	Change in Shareholding	Increase (decrease) on Pledged Shares
Director	Auoke Investment Co., Ltd.	-	-	-	-
	Rep. Chang, Yu-Pin (Chairman)	-	-	18,000	225,000
	Rep. Tang, Chia-Lun	-	-	9,000	-
Director	Auhong Investment Co., Ltd.	-	-	-	350,000
	Rep. Chang, Chih-Chuan	-	-	-	-
	Rep. Yeh, Ming-Tarng	-	-	-	-
Director	Huang, Fu-Chang	-	-	-	-
Independent Director	Chou, Chun-Hung	-	-	-	-
Independent Director	Tsai, Yu-Ching	-	-	-	-
Independent Director	Huang, Chih-Chen	-	-	-	-
Independent Director	Chung, Char-Dir	-	-	-	-
President	Chang, Yu-Pin	-	-	-	-
Vice President	Tang, Chia-Lun	-	-	-	-
Vice President	Wen, Wen-Sheng	-	-	30,441	-
Assistant Vice President	Chiang, Chi-Ming	-	-	10,239	-
Assistant Vice President	Hsu, Ching-Yi	-	-	62,407	-
Assistant Vice President	Tung, Szu-Che	-	-	4,484	-

(II) Information of equity transfer: Not applicable

(III) Information of equity pledge: Not applicable

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

Apr.27th,2024

Name	Shares held in own name		Shares currently held by spouse or dependents		Shares held in the names of others		Disclosure of names and relationships between the top ten shareholders including spouses, relatives within 2nd degree of kinship, or the relationships		Note
	Shares held	Percentage	Shares held	Percentage	Shares held	Shareholding Percentage	Name	Relationship	
Auoke Investment Co., Ltd. Rep. Chang, Yu-Pin	3,621,102	7.20	-	-	-	-	Note		-
Auhong Investment Co., Ltd. Rep. Chang, Yu-Pin	2,601,000	5.17	-	-	-	-			-
Chang, Yu-Pin	2,275,366	4.52	79,350	0.16	6,222,102	12.37			-
Cao,Rong-Xu	1,063,000	2.11	-	-	-	-	-	-	-
COMEUP Industries Inc. Rep.Huang,Guo-Xin	879,787	1.75	-	-	-	-	-	-	-
Wu,Rong-Zheng	511,756	1.02	-	-	-	-	-	-	-
Lu,Li-Ping	492,466	0.98	-	-	-	-	-	-	-
Capital Securities Warrant Subscription Special Account	300,358	0.60	-	-	-	-	-	-	-
Bank SinoPac entrusted custody of the investment account for San Dong Investment Co., Ltd.	300,000	0.60	-	-	-	-	-	-	-
Hsu,Ching-Yi	269,793	0.54	-	-	-	-	-	-	-

Note : Auoke Investment Co., Ltd., Auhong Investment Co., Ltd. Chang, Yu-Pin are among the top ten shareholders of the Company, and Auoke Investment Co., Ltd. And Auhong Investment Co., Ltd., represented by Chang, Yu-Pin.

X. Number of Shares Held by the Company or the Company's Directors and Managers, as Well as the Number of Shares Held by the Company for the Reinvestment Businesses That it Directly or Indirectly Controls, and Combined to Calculate the Comprehensive Shareholding Ratio

Dec.31st,2023 ; Unit : Thousand Shares ; %

Investee	Holdings of the Company		Holdings of directors, managers and directly or indirectly controlled business		Total investment	
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage
Auden Techno(BVI) Corporation.	3,399	100%	0	0%	3,399	100%
Lucky Rite International Co.Ltd.	1,998	100%	0	0%	1,998	100%
Auray Technology Corp.	10,000	100%	0	0%	10,000	100%
Auden intelligence carbon solution Co. Ltd.	2,400	80%	400	13.33%	2,800	93.33%

Four. Capital overview

I. Capital and shareholding

(I) Sources of capital

1. Process of capital stock formation

Unit: In thousands of Shares ,In thousands of New Taiwan Dollar

Date	Issuing price	Authorized capital		Paid-in capital		Note		
		Shares held	Amount	Shares held	Amount	Sources of capital	Investment by properties other than cash	Effective date (approval date) of new capital and approval document number
1990.2	10	1,000	10,000	1,000	10,000	Established capital stock	-	Approved by Taiwan Provincial Government in Letter No. 133481 dated February 10, 1990
1995.9	10	1,500	15,000	1,500	15,000	Increased capital in cash	-	Approved by Taiwan Provincial Government in Letter No. 431683 of September 12, 1995
1999.7	10	2,500	25,000	2,500	25,000	Increased capital in cash	-	Approved by MOEA in Letter No. 041168 of July 1, 1999
2000.4	10	14,900	149,000	14,900	149,000	Increased capital in cash	Land and Building capital increase NTD84,610,000	Approved by MOEA in Letter No. 0891110017 of April 11, 2000
2000.7	10	19,900	199,000	19,900	199,000	Increased capital in cash	-	Approved by MOEA in Letter No. 089126377 of July 26, 2000
2001.6	10	38,800	388,000	22,890	228,900	Capital reserve Cash capital increase	-	Approved by MOEA in Letter No. 09001267620 of June, 2001
2002.7	10	45,330	453,300	27,000	270,000	Increased capital in cash	-	Approved by MOEA in Letter No. 09101274900 of July 15, 2002
2006.9	10	45,330	453,300	29,700	297,000	Capital reserves to increase capital	-	Approved by MOEA in Letter No. 09532926200 of September 29, 2006
2007.11	10	45,330	453,300	32,700	327,000	Increased capital in cash	-	Approved by MOEA in Letter No. 09633029350 of November 8, 2007
2008.8	22	60,000	600,000	40,823	408,230	Private equity increase	-	Approved by MOEA in Letter No. 09732932140 of August 26, 2008
2019.6	10	60,000	600,000	39,818	398,180	Cancel Treasury shares	-	Approved by Taoyuan City Government in Letter No. 10890915940 of June 25, 2019
2019.9	10	60,000	600,000	40,696	406,957	Surplus transfer capital increase	-	Approved by Taoyuan City Government in Letter No. 10891012100 of September 9, 2019
2019.9	10	60,000	600,000	41,446	414,457	Restricted employee shares increased capital	-	Approved by Taoyuan City Government in Letter No. 10891024370 of September 12, 2019
2019.12	10	60,000	600,000	40,696	406,957	Canceled restricted employee shares reduced share capital	-	Approved by Taoyuan City Government in Letter No. 10891150350 of December 25, 2019
2020.10	10	60,000	600,000	41,196	411,957	Restricted employee shares increased capital	-	Approved by Taoyuan City Government in Letter No. 10991062890 of October 14, 2020
2020.12	10	60,000	600,000	46,696	466,957	Increased capital in cash	-	Approved by Taoyuan City Government in Letter No. 10991176710 of December 28, 2020
2021.06	10	60,000	600,000	46,596	465,957	Canceled restricted employee shares reduced share capital	-	Approved by Taoyuan City Government in Letter No. 11090906080 of June 15, 2021

Date	Issuing price	Authorized capital		Paid-in capital		Note		
		Shares held	Amount	Shares held	Amount	Sources of capital	Investment by properties other than cash	Effective date (approval date) of new capital and approval document number
2021.09	10	60,000	600,000	46,722	467,217	Restricted employee shares increased capital	-	Approved by Taoyuan City Government in Letter No. 11091057060 of September 27, 2021
2022.09	10	60,000	600,000	46,713	467,130	Canceled restricted employee shares reduced share capital	-	Approved by Taoyuan City Government in Letter No. 11191027940 of September 16, 2022
2023.03	10	60,000	600,000	46,711	467,110	Canceled restricted employee shares reduced share capital	-	Approved by Taoyuan City Government in Letter No. 11290780870 of March 16, 2023
2024.02	10	60,000	600,000	50,300	503,003	Increased capital in cash	-	Approved by MOE in Letter No. 11330026050 of February 23, 2024
2024.04	10	60,000	600,000	50,293	502,933	Canceled restricted employee shares reduced share capital	-	Approved by MOE in Letter No. 11330053760 of April 18, 2024

2. Types of shares

April 27, 2024/Unit: In thousands of Shares

Types of shares	Authorized capital			Note
	Outstanding	Outstanding	Total	
Registered common shares	50,293	9,707	60,000	Listed companies' stocks

Information relevant to the aggregate reporting policy: None.

(II) The composition of Shareholders

April 27, 2024/Unit:shares

Shareholder Structure	Government institutions	Financial institutions	Other institutions	Natural persons	Other institutions	Total
Qty						
Number of persons	-	1	144	22,341	45	22,531
Qty of shareholding	-	86,000	8,158,660	41,242,862	805,841	50,293,363
Percentage	-	0.17	16.22	82.00	1.61	100

(III) Equity distribution

Common shar

April 27, 2024/Unit:shares

Level of holding	No. of shareholders	Qty of shareholding	Percentage
1 ~ 999	13,664	781,322	1.55
1,000 ~ 5,000	7,459	13,459,661	26.76
5,001 ~ 10,000	772	5,527,886	10.99
10,001 ~ 15,000	243	3,001,248	5.97
15,001 ~ 20,000	125	2,198,389	4.37
20,001 ~ 30,000	107	2,609,155	5.19
30,001 ~ 40,000	51	1,766,929	3.51
40,001 ~ 50,000	26	1,208,284	2.40
50,001 ~ 100,000	50	3,595,895	7.15
100,001 ~ 200,000	18	2,422,464	4.82
200,001 ~ 400,000	9	2,277,653	4.53
400,001 ~ 600,000	2	1,004,222	2.00
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	1	879,787	1.75
1,000,001 and more	4	9,560,468	19.01
Tota	22,531	50,293,363	100.00

Preferred stocks: None.

(IV) List of major shareholders

April 27, 2024/Unit:shares

Major shareholder	Shareholding	Qty of shareholding	Shareholding percentage
Auoke Investment Co., Ltd.		3,621,102	7.20
Auhong Investment Co., Ltd.		2,601,000	5.17
Chang, Yu-Pin		2,275,366	4.52
Cao,Rong-Xu		1,063,000	2.11
COMEUP Industries Inc.		879,787	1.75
Wu,Rong-Zheng		511,756	1.02
Lu,Li-Ping		492,466	0.98
Capital Securities Warrant Subscription Special Account		300,358	0.60
Bank SinoPac entrusted custody of the investment account for San Dong Investment Co., Ltd.		300,000	0.60
Hsu,Ching-Yi		269,793	0.54

(V) Stock price, net worth, earnings, dividends and related information for the previous two years:

Unit: In thousands of Shares ,In thousands of New Taiwan Dollar

Item		Year	2022	2023	As of April 27, 2024 (Note.6)
Stock price	Max		242.50	191	163.50
	Low		108.00	131	121.50
	Average		151.09	150.80	141.93
Net worth per share	Before distribution		34.4	35.62	40
	After distribution		30.9	32.83(Note.5)	-
Earnings per share	Weighted average number of shares		46,527	46,684	49,246
	Diluted Earnings Per Share		6.89	4.42	0.33
Dividends per share	Cash dividends		3.5	2.6(Note.5)	-
	Stock dividends	-	-	-	-
		-	-	-	-
	Accumulated unpaid dividend		-	2.6(Note.5)	-
Return analysis	Price-earnings ratio		21.93	34.12	-
	Price-dividend ratio		43.17	58(Note.5)	-
	Cash dividend yield		2.32%	1.72%(Note.5)	-

Note. 1 : Price-earnings ratio = Year's average per share closing price / earnings per share.

Note.2 : Price-dividend ratio = Year's average per share closing price / cash dividend per share.

Note.3 : Cash dividend yield = Cash dividend per share / year's average per share closing price.

Note.4 : The market price per share is calculated after the listing date of December 11, 2020.

Note.5 : Amount allocated to 2023 surplus as decided by the Director Board on March 13, 2024 .

Note.6 : The net value and earnings per share shall include the information verified by accountants for the latest quarter up to the publication date of the annual report; The remaining fields are for the year ending on the publication date of the Annual report.

(VI) Dividend policy and its implementation

1.Dividend policy set out in Article 19-1 of the Articles of Incorporation

In order to continuously expand the company's scale and increase profitability, and to meet the company's capital needs and long-term financial planning, so as to achieve sustainable operation and stable development, the dividend policy is the residual dividend policy.

If the Company has a surplus in its annual final accounts, in addition to paying taxes and contributions in accordance with the law, it shall first make up the losses of previous years and set aside statutory surplus

reserve, set aside or reverse special surplus reserve in accordance with the law, and then add the undistributed surplus at the beginning of the period to the surplus available for distribution, and the board of directors shall reserve part of the fund according to the issuing rate of surplus in the past years and the operating needs of the company in the future. If the board of directors proposes to distribute the remaining balance in the form of issuing new shares, it shall be distributed after a resolution of the shareholders' meeting; If in cash, authorize the Board of Directors to distribute by special resolution and report to the shareholders' meeting.

The Company may authorize the Board of Directors to distribute all or part of its statutory surplus and capital reserves in the form of cash disbursement in accordance with paragraph 1 of Article 241 of the Company Act. by special resolution and report to the shareholders' meeting.

The second dividend shall be distributed on the principle of not less than 15% of the available earnings. However, if the dividend per share under the aforesaid method is less than NT\$ 0.25, it may be proposed by the board of directors not to be distributed and it shall be submitted to the shareholders' meeting for recognition.

2. Dividends to shareholders may be distributed in cash or stock, and the cash dividend shall not be less than ten percent of the total dividend.

Dividend distribution proposed at the shareholders' meeting

Under the above-mentioned principles, the Board of Directors prepared the motion for distribution of earnings in 2023 on March 13, 2024. The company passed the surplus distribution plan of 2023 by the resolution of the board of directors, and distributed cash dividends: NT \$130,762,744, NT \$2.6 per share.

Anticipated significant changes in dividend policy: none.

- (VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at this shareholders' meeting: The motion for 2021 earnings distribution does not contain this proposal. Therefore, this is not applicable.

(VIII) Remuneration to employees/directors

1. The percentages or ranges with respect to remuneration to employees and directors, as set forth in Articles of Incorporation :

If the Company makes a profit in each year, it shall set aside not less than 2% for staff remuneration and not more than 2% for directors remuneration. However, if the company has accumulated losses, it shall reserve the amount of compensation in advance and then allocate the balance.

The remuneration of the aforesaid employees shall be in stock or cash, and shall be decided by the Board of Directors with the presence of more than two-thirds of the directors and the approval of a majority of the directors, and shall be reported to the shareholders' meeting.

The first employee compensation shall be paid to employees of the Company and its controlling or affiliated companies who meet certain conditions. The conditions and distribution of employee remuneration shall be decided by the Board of Directors.

2. Basis of calculation for employees' and directors' remuneration and share-based remuneration; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

The estimated amount of employee compensation and director compensation of the Company for 2023 approved by the Board of Directors of the Company on March 13, 2024 is based on the amount before deducting employee and director compensation from the company's net profit before tax, multiplied by the proportion of employee and director compensation as formulated by the Company's articles of association, and reported as operating expenses for the period. If there is a difference between the actual amount distributed in the next year and the estimated amount, it will be treated as a change in the accounting estimate and the difference will be listed as the profit and loss of the next year.

3. Board of Directors passed remuneration distribution :

- (1) The compensation of employees and the compensation of directors and supervisors distributed in cash or stock. If there is any difference from the annual estimated amount of recognized expenses, the number of differences, reasons and treatment circumstances shall be disclosed:

On March 13, 2024, the Board of Directors of the Company decided to allocate the remuneration of employees and the remuneration of the directors and supervisors as follows:

A. 2023 Set aside NT \$4,792 thousand for directors and NT \$5,324 thousand for employees, all in cash.

B. The amount of remuneration for directors and employees mentioned above shall not differ from the amount stated in the annual estimate of recognized expenses.

- (2) The amount of employee compensation distributed in stock and its proportion to the total amount of net profit after tax and employee compensation in individual or individual financial reports of the current period: not applicable.

The actual distribution of employee bonuses and remuneration to directors in the previous year (with an indication of the number of shares provided, amount and stock price), any difference from the amount of recognized employee bonuses and remuneration to directors, and the causes and treatment thereof

Director compensation and employee compensation Allocation Plan for 2022, director compensation and employee compensation of NT \$6,916 thousand and NT \$7,685 thousand, employee compensation and director compensation amounts are no different from the annual estimated amount of recognition expenses.

(IX) Buy-back of the Company's shares by the company: None.

II. Issuance of corporate bonds

(I) Issuance of corporate bonds:

Type of corporate bonds		The first secured conversion of corporate bonds in domestic
Issue date		January 18 th , 2022
Face value		Each NT \$100,000
Place of issue and trading		Issued in R.O.C.
Issue price		Issued at 121% of par value
Issue amount		NT \$400,000,000
Coupon rate		Coupon annual interest rate: 0%
Term		Term: three years; It expires on January 18, 2025
Guarantor		MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
Trustee		Trust office of Cathay United Bank
Trustee		IBF Securities
Attesting lawyer		Ya-Wen, Chiu of HANDSOME ATTORNEYS -AT-LAW
Attesting CPA		Lil, Liu and Lin, Wu of KPMG Taiwan
Redemption method		With the exception of the holder of the Convertible debenture (hereinafter referred to as the "Debenture Holder") who has converted into the common stock of the Company in accordance with Article 10 of these Measures, or the Company who has redeemed it in advance in accordance with Article 17 of these Measures, or the Company who has been bought back and cancelled by the securities dealer's Office, the Company shall, upon the maturity of the Convertible Debenture, within 10 business days from the date of the maturity of the Convertible Debenture, The convertible debentures held by the debenture holders will be repaid in cash in one lump sum at the denomination of the debentures.
Unredeemed balance		NT \$400,000,000
Conditions for redemption or early redemption		Please refer to the Company's first domestic secured convertible bond issue and conversion method.
Restrictive covenants		None.
Name of rating agency, date and result of rating		None.
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date,	As at April 27, 2024, 0 shares have been converted into 0 ordinary shares.
	The issuance and conversion, exchange, or subscription rules.	
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		As of April 27, 2024, the outstanding balance of NT \$400,000 is calculated at the current conversion price of NT \$216. If all shares are converted into common shares, 1,851,851 shares, accounting for 3.68% of the total number of shares issued, shall have no significant impact on shareholders' equity.
Name of the custodian institution of the exchangeable underlyings.		None.

(II) Convertible Corporate Bonds

Type of corporate bonds		The first secured conversion of corporate bonds in domestic	
Item	Year	2023	As of April 27, 2024
	Maximum	115.5	111
Market price of convertible corporate bonds	Minimum	102.2	103.75
	Average	109.71	105.88
Conversion price		219.7	216
Issue (transaction) date and conversion price at issuance		January 18, 2022; NT\$230	
Method for performance of conversion obligations		Delivery of new shares by issuing new shares.	

III. Issuance of preferred shares : None.

IV. Issuance of global depositary receipts (GDR) : None.

V. Issuance of employee stock options : None.

VI. Issuance of new restricted employee shares

(I) Issuance of employee stock options

April 27th, 2024

Type of new restricted employee shares	2021 new restricted employee shares
Effective registration date and total number of shares	August 17, 2022
Issue date	August 14, 2023
Number of new restricted employee shares issued	93,000 shares
Number of new restricted employee shares still available for issuance	207,000 shares
Issue price	Issued without compensation, NT \$0 per share
Ratio of the number of new restricted employee shares issued to the total number of issued shares	0.18%
Vesting conditions of the new restricted employee shares	1. Length of Service (1) For employees who have been granted restricted employee stock rights and remain employed for one year, they will receive 30% of the allocated shares and be granted based on the following individual performance weightings. (2) For employees who have been granted restricted employee stock rights and remain employed for two years, they will receive 30% of the allocated shares and be granted based on the following individual performance weightings. (3) For employees who have been granted restricted employee stock rights and remain employed for three years, they will receive 40% of the allocated shares and be granted based on the following individual performance weightings. 2. Individual Performance Starting from the year of issuance, the allocation of shares to employees based on their individual performance indicators is as follows: Employees who achieve Performance Indicator A will receive 100% of the allocated shares for that year.

Type of new restricted employee shares	2021 new restricted employee shares
	Employees who achieve Performance Indicator B will receive 75% of the allocated shares for that year. Employees who achieve Performance Indicator C will receive 25% of the allocated shares for that year. Employees who achieve Performance Indicator D will not receive any shares for that year.
Restrictions on rights in the new restricted employee shares	The restricted employee stock rights issued under this policy will be delivered in the name of the employee and held in trust by a stock trust institution. The following restrictions apply to the employee's rights until the conditions for ownership are met: 1. Prior to meeting the ownership conditions, the employee is prohibited from selling, mortgaging, transferring, gifting, pledging, or disposing of the restricted employee stock rights to others, except through inheritance. 2. Attendance, proposals, speeches, and other matters related to shareholder rights at shareholders' meetings will be executed by the stock trust institution in accordance with the trust agreement. 3. Except for restrictions imposed by the trust agreement, the employee's rights associated with the granted stock, including but not limited to dividends, bonuses, reduction of capital, rights to receive distributions from capital surplus, rights to subscribe to cash capital increases, and voting rights, are the same as those of the ordinary shares issued by the company.
Custody of the new restricted employee shares	Be held in trust
Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares	1. Resignation (voluntary resignation, layoff, termination): For restricted employee stock rights that have not met the ownership conditions, they will be considered forfeited on the day of resignation, regardless of whether it is voluntary resignation, layoff, or termination. The company will fully reclaim these shares without compensation or repurchase them at the original issuance price and proceed with cancellation. 2. Retirement: During the period of restricted employee stock rights, if an employee is approved for retirement by the company, for shares that have not yet met the ownership conditions, the company has the option to fully reclaim them without compensation or repurchase them at the original issuance price and proceed with cancellation. Alternatively, within the allotted number of granted shares, the Chairman of the Board may approve a distribution of shares based on the employee's special achievements and overall contributions, considering it as meeting the ownership conditions. 3. Leave without pay: For employees who have been granted restricted employee stock rights under this policy and subsequently go on leave without pay due to child-rearing, illness, or military service, the actual number of leave days will be deducted. The calculation of their tenure after being granted shares under this policy will be extended accordingly. If the calculated tenure meets the time limit specified in Article 5 and the employee meets the ownership conditions based on performance evaluation, it will be considered as meeting the ownership conditions. If an employee goes on leave without pay for other reasons, the company will reclaim their granted shares without compensation in accordance with the law, or repurchase them at the original issuance price and proceed with cancellation. If the employee does not return to work after the leave without pay period expires, it will be treated as voluntary resignation. 4. Death: For the portion of restricted employee stock rights that have been granted but not yet met the ownership conditions, the company will fully reclaim them without compensation or repurchase them at the original issuance price and proceed with cancellation. However, for employees who have held their granted restricted employee

Type of new restricted employee shares	2021 new restricted employee shares
	stock rights for one year or more, the Chairman of the Board may, taking into account the employee's special achievements and overall contributions, grant a portion or all of the restricted employee stock rights that have not yet met the ownership conditions. The shares will be transferred to the legal heirs in accordance with the relevant provisions of the Civil Code on inheritance and the "Guidelines for Handling Stock Affairs of Publicly Issued Stock Companies." The necessary legal procedures and supporting documents must be provided to obtain the shares. 5. Due to occupational disability: If an employee becomes physically disabled due to an occupational accident and is unable to continue working, it will be considered as meeting the ownership conditions for the current year as of the effective date of resignation. Starting from the next fiscal year after resignation, the employee will be deemed to have lost the qualification to meet the ownership conditions. In such cases, the company will fully reclaim the restricted employee stock rights that have not yet met the ownership conditions without compensation, or repurchase them at the original issuance price and proceed with cancellation. 6. Due to occupational disability resulting in death: In the event of death caused by an occupational accident, the restricted employee stock rights that have not yet met the ownership conditions will be deemed to have met all the ownership conditions from the date of death. The legal heirs should follow the relevant provisions of the Civil Code on inheritance and the "Guidelines for Handling Stock Affairs of Publicly Issued Stock Companies" to complete the necessary legal procedures and provide relevant supporting documents to obtain the shares. However, the time frame for meeting the ownership conditions will still be governed by the provisions of Article 5, Paragraph 3 of this policy. 7. Transfer within the company: If an employee voluntarily transfers to a related company or another subsidiary of the company, the handling of their restricted employee stock rights will be carried out according to the provisions of the first clause of this section regarding "Resignation." However, if an employee is reassigned to a related company or subsidiary of the company due to operational needs, their granted restricted employee stock rights will not be affected by the transfer. However, if the employee resigns voluntarily after the transfer, the handling will still be carried out according to the provisions of the first clause of this section regarding "Resignation." 8. Employees or their legal heirs should receive the transferred shares that have met the ownership conditions according to the trust agreement.
Number of new restricted employee shares that have been retired or bought back	7,000 shares
Number of new restricted shares that have vested	0 shares
Number of unvested new restricted shares	86,000 shares
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0 %
The effect on shareholders' equity	The dilution of the Company's earnings per share in future years is limited and has no material impact on the interests of existing shareholders.
Note	On March 13, 2024, the Board of Directors resolved to cancel 7,000 issued restricted employee shares that were recalled. The re-registration was completed on April 18, 2024.

(II) Names of executive officers receiving restricted employee shares and names of Top 10 employees in entitlement, and status of exercise

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	Title	Name	Units exercised	Units exercised to total outstanding shares	Exercised			Units subscribed to total outstanding shares	Unexercised		
					Units subscribed	Subscription price	Subscription amount		Units subscribed	Subscription price	Subscription Amount
Executive officers	None										
employee	Associate General Manager	Tsai○Ming	75,000 shares	0.15%	0	0	0	0.00%	75,000 shares	0	0
	Senior manager	Duan○Zhong									
	Senior manager	Ke○Zhong									
	manager	Tsai○Hua									
	manager	Yang○Chien									
	Assistant Manager	Lin○Yi									
	Technical Assistant Manager	Chang○He									
	Chief Engineer	Wu○Sheng									
	Technical Assistant Manager	Hsu○Kai									
	Senior Engineer	Yang○Hsiang									

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies : None.

VIII. Financing plans and implementation

Plan for the use of securities funds from previous issues of the Company as of one quarter prior to the publication date of the Annual report :

1. 2021 Secured Convertible Bonds

Unit: In thousands of New Taiwan Dollar ; %

Planned project	Raise funds	operation plan	Execution situation
The first secured conversion of corporate bonds in domestic and 2021 cash increase	700,000	Establish operate headquarters	As of the end of the first quarter of 2024, the cumulative scheduled progress is 91.03%, while the cumulative actual progress is 31.97%. This discrepancy is due to adjustments in the building structure, which have caused delays in the overall project timeline. However, there are no significant differences between the expected and actual outcomes.
	100,000	Purchase research and development equipment	As of the end of the first quarter of 2024, the cumulative scheduled progress is 69.58%, while the cumulative actual progress is 27.44%. This is due to delays in the construction progress of the operations headquarters, which also caused delays in the procurement of R&D equipment. However, there are no significant differences between the expected and actual outcomes.
	84,010	Increase operation capital	As of the end of the first quarter of 2024, the cumulative scheduled implementation progress is 100.00%, and the cumulative actual implementation progress is 100.00%. The use of funds is completed according to the original planned project, and there is no significant difference between the scheduled benefits and the actual implementation.
Total	884,010		

2. 2023 Cash Capital Increase

Planned project	Raise funds	operation plan	Execution situation
2023 Cash Capital Increase	150,000	Repayment of Bank Loans	As of the first quarter of 2024, the cumulative planned execution progress was 100.00%, and the cumulative actual execution progress was 100.00%. The use of funds was completed according to the original project plan, and there were no significant differences between the expected and actual outcomes.
	270,000	Increase operation capital	As of the first quarter of 2024, the cumulative planned execution progress was 55.55%, and the cumulative actual execution progress was 26.71%. This was due to the actual fundraising being completed at the end of January 2024, resulting in a delay in the execution progress of actual funds utilization for working capital. However, there were no significant differences between the expected and actual outcomes in terms of anticipated benefits.
Total	420,000		

Five. Business overview

I. Business Activities

(I) Scope of business

1. Principal business activities

- (1) Development, design, and manufacturing of antenna systems.
- (2) Sales of measurement equipment and technical support services.
- (3) Testing and certification services for wireless communication network

2. Business distribution

Unit: In thousands of New Taiwan Dollar ; %

Products \ Year	2022		2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Development, design, and manufacturing of antenna systems.	794,587	46.25	882,083	49.57
Sales of measurement equipment and technical support services.	717,204	41.75	854,843	48.03
Testing and certification services for wireless communication network	206,248	12.00	40,281	2.26
Total	1,718,039	100.00	2,431	0.14

Note : This is a consolidated financial report that has been audited and certified by an accountant.

3. Current products

(1) Antenna

- A. Sub-6G mobile terminal and network communication products antennas
- B. NB/Tablet antennas
- C. Smart home product applications and car networking communication antennas
- D. Miniaturized high-gain handheld RFID reader antennas
- E. Highly integrated antennas Compact antenna designs
- F. Miniaturized UHF RFID antenna designs
- G. IoT antenna integration modules and home base station antennas
- H. NB-IoT and LoRa antennas for IoT
- I. J. NFC antennas
- J. T-BOX internal/external antennas
- K. Compact external high-gain omnidirectional antennas
- L. High-gain fiberglass antennas
- M. GNSS thin-profile antennas
- N. Communication antenna modules for electric vehicle charging piles
- O. 5G in-vehicle and V2X antenna modules
- P. Ingestible biosignal detection Bluetooth antenna modules
- Q. 5G millimeter-wave RF antenna modules
- R. LEO User Terminal
- S. UP-Down converter
- T. mmWave RF frontend module
- U. Antenna performance testing and certification services for electronic products
- V. Low electromagnetic wave antenna design solutions
- W. Antenna performance testing and certification services for electronic products
- X. FR2 (37G/28G) array antennas

Y. FR3 (8G/15G) array antennas

(2) Measurement equipment

- A. Agent electromagnetic wave human absorption rate detection equipment and after-sales technical support services
- B. Agent electromagnetic wave detection human body part models
- C. Agent antenna design simulation software
- D. Agent EV wireless charging testing solution
- E. Precision medicine bioelectromagnetic wave simulation service
- F. Medical device testing equipment sales and technical support services
- G. Cloud-based medical imaging modeling platform/modularization
- H. Precision medicine preoperative simulation service
- I. Open architecture network software sales and technical services
- J. Information security software sales and technical services
- K. Satellite communication testing equipment sales and technical services
- L. Information security software sales and technical services
- M. Satellite communication testing equipment sales and technical services

(3) Testing and Certification

- A. Compliance testing for open telecom infrastructure equipment
- B. Information security verification and consulting services
- C. Green energy inspection and verification consulting services
- D. Terminal Internet of Things (IoT) and industrial control testing certification services

(4) ESG & Environmental Sustainability Consulting Services

- A. ESG & Environmental Sustainability Consulting & Solution

4.Future Product Planning

- (1) Massive MIMO base station equipment antenna module.
- (2) 5G dual-mode antenna module for mobile devices.
- (3) 28/39 GHz dual-band and dual-polarization millimeter wave RU antenna module.
- (4) Low-earth orbit satellite ground receiving array antenna module.
- (5) 5G shark fin antenna module for vehicles.
- (6) 5G dual-mode antenna module for vehicles.
- (7) Smart millimeter wave antenna distribution unit.
- (8) Low-earth orbit satellite product testing equipment and services.
- (9) Precision medical simulation services for brain electromagnetic waves.
- (10) Multi-channel software-controlled up-down frequency converter.
- (11) Millimeter wave product mass production testing system.
- (12) Phase Array antenna.
- (13) mmWave RF frontend module
- (14) New LEO user terminal
- (15) Antenna design software
- (16) Multi-orbit satellite antenna
- (17) Vertical satellite antenna
- (18) Medical and car networking certification services
- (19) High-current/magnetic field testing

(II) Industry overview

1. Current Status and Development of the Industry

Our company mainly engages in the development, design, and manufacturing of antenna systems, the sale of measurement equipment, and technical support services, as well as network communication product testing and certification services.

Our products are mainly applied in the consumer electronics, information and communication industry, and their vertical application industries, such as smartphones, laptops, tablets, positioning systems, satellite communications, base station communications, and in-vehicle communication systems. The current status of the industry, industry characteristics, and future development trends are analyzed as follows :

(1) Development, Design, and Manufacturing of Antenna Systems

As 5G business communication keeps growing and with the introduction of 6G, the future is all about e Air-Space-Ground integrated network technology, combining various communication methods, and keeping up with high-frequency communication. This means that designing antennas for the next generation is a lot tougher than before, both in terms of complexity and quantity.

When it comes to designing antennas for handheld devices, there are a few focuses in the industry right now. First, there is developing antennas for the FR3 frequency band (6~14 GHz). Then, there's integrating MIMO (Multiple Input Multiple Output) technology for low and medium frequencies to make data transmission faster. In addition, there is the challenge of integrating antennas for different frequency bands used in 4G/5G. Lastly, there's designing special mobile devices for industrial use, like adding NFC (Near Field Communication) for precise indoor positioning.

On top of that, as non-ground network communication systems like low-orbit satellites, high-altitude base stations, unmanned aerial vehicle communication, and even Satellite Direct To Cell (SDTC) become more common, it brings new challenges for designing antennas for ground communication equipment like array antennas and high-gain antennas.

(2) Sales of measurement equipment and technical support services

In SAR testing of measurement equipment, the main purpose is to simulate the intensity of electromagnetic waves absorbed by the human body, in order to protect individuals from potential harm caused by wireless devices exceeding radio frequency transmission values. Relevant countries typically require products to present SAR test data results that comply with regulations before being sold. These standards vary depending on the country. Currently, SAR limits vary across different regions and countries. Leading the global market in SAR measurement equipment is Swiss equipment provider SPEAG, with other relevant players including Microwave Vision Group, ART-FI, TDK RF Solutions, and IndexSAR.

In a real case, by the end of 2023, France's National Frequency Agency (ANFR) issued an announcement regarding electromagnetic wave testing of 141 mobile phones sold in the French market. During the testing of iPhone 12, while the trunk SAR detection value complied with France's standard limit of 2 W/kg, the limb SAR detection value was recorded at 5.74 W/kg, exceeding France's specified limit of 4 W/kg. Consequently, the French government immediately requested Apple to cease the sale of non-compliant products. Apple later resolved the issue through software upgrades. This highlights the importance of SAR standard testing as a key regulatory indicator for governing bodies worldwide.

Regarding medical equipment, with the global aging population and increased health awareness alongside rising prevalence of chronic diseases such as cancer, brain diseases, cardiovascular diseases, neurological disorders, etc., advanced medical imaging technology has become crucial in assisting healthcare providers in diagnosing symptoms. Consequently, there is a corresponding increase in demand for high-performance medical imaging equipment. According to a report by Verified Market Research, the global medical imaging equipment market was valued at approximately \$473.4 billion in 2023, and it is projected to grow to \$748.8 billion by 2031, with a compound annual growth rate (CAGR) of 5.9% from 2024 to 2031.

(3) Testing and certification services for wireless communication network

In addition to testing between devices (see Note 1), energy efficiency optimization in O-RAN has become a recent focal point due to the trends toward energy conservation and zero carbon emissions. For instance, at the 2022 Global Spring Plugfest organized by the O-RAN Alliance, Vodafone, Intel, Radisys, Wind River, and Keysight jointly demonstrated successful optimization of peak and off-peak traffic, achieving energy savings parameter optimization in a multi-vendor environment based on Cloud and Virtual O-RAN systems. This involved software for O-DUs and O-CUs, O-Cloud software, as well as features such as telemetry, power management, accelerators, and advanced processors. The results showed a 9% reduction in power consumption in high-traffic scenarios and a 12% reduction in low-traffic scenarios.

Observing the outcomes showcased at the 2023 O-RAN Spring Plugfest, the O-RAN Alliance demonstrated the growth potential and capabilities of artificial intelligence. Multiple O-RAN companies presented breakthroughs including indoor positioning applications, integration with 5G, cloud economics, intelligent wireless access network control, machine learning load balancing, and energy-efficient network deployment solutions. This continuous stream of breakthroughs in O-RAN products and technologies addresses customer needs, with a focus on critical aspects such as energy efficiency and cybersecurity, enhancing confidence in evaluating and procuring O-RAN products.

Note 1: Such as Certification of Conformance, Interoperability Badge, and E2E System Integration Badge.

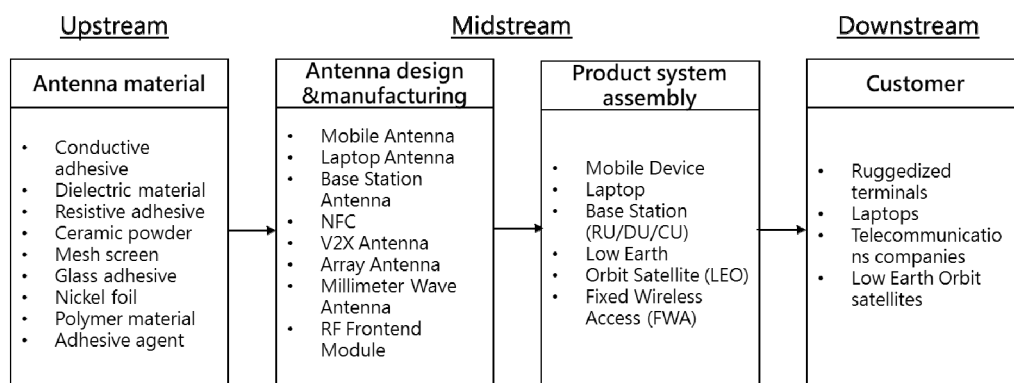
(4) ESG & Environmental Sustainability Consulting Services

Carbon management issues are widely concerned domestically and internationally, with various countries continuously enacting regulations and policies for control, such as Carbon Border Adjustment Mechanism (CBAM) and carbon trading. Regarding the carbon market, according to analysts from the London Stock Exchange Group (LSEG), the global carbon dioxide emissions permit (i.e., carbon rights) trading market amounted to €881 billion (approximately NT\$30 trillion) in 2023, a 2% growth from the previous year. Among them, the European Union Emissions Trading System (EU ETS) is one of the largest and most mature carbon emissions trading markets globally. EU ETS covers EU member states as well as countries like Norway, Iceland, and Liechtenstein, with a vast scale and profound impact. Additionally, other countries and regions have also launched similar carbon markets, including California's carbon market in the United States, Quebec and Alberta provinces in Canada, China's carbon emissions trading market, and South Korea's emissions trading market. The establishment of these markets is primarily aimed at promoting enterprises and institutions to take emission reduction measures to achieve greenhouse gas emission reduction and climate goals.

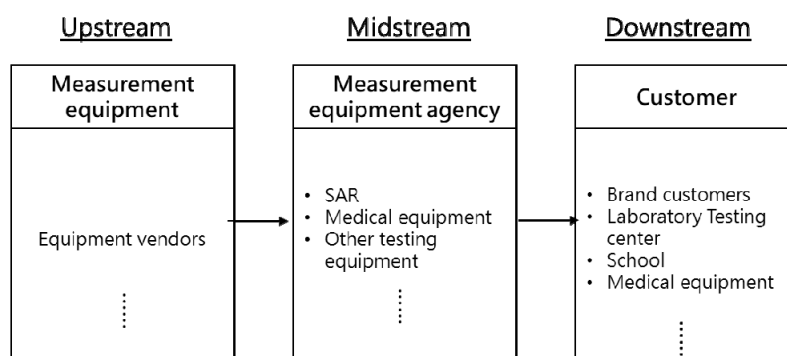
2.Linkage of industry upstream, midstream and downstream

The main business of our company includes antenna system development, design and manufacturing, sales of measurement equipment and technical support services, electronic product testing and certification services, and green energy consulting and certification services. The analysis of the upstream, midstream, and downstream industry relations of our company is as follows :

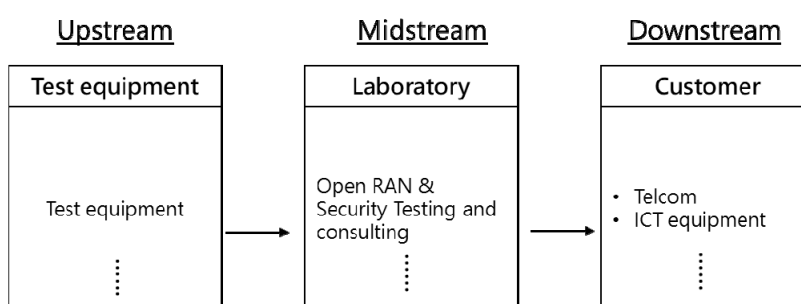
(1)Development, Design, and Manufacturing of Antenna Systems



(2) Sales of measurement equipment and technical support services.



(3) Testing and certification services for wireless communication network.



3. Industry trend & Competitive statuses

(1) Major Investments Drive Satellite Communication Opportunities

According to an IEK research report, the satellite communication market is expanding in 2024, with existing players continuing to expand services. For instance, Starlink is planning to expand its coverage to regions in Asia and South America. OneWeb is collaborating with telecommunications companies in India and Taiwan, with services scheduled to commence in 2024. Additionally, high-altitude and mid-altitude satellite provider Echostar is collaborating with low-orbit satellite providers to expand services. Low-orbit satellite providers are also developing a more diverse range of user equipment terminals to cater to mobile services, lightweight applications, and enterprise applications. The satellite direct-to-mobile service is expected to make further progress in 2024, with many major mobile phone brands integrating relevant features into new devices. Both existing and emerging players in the low-orbit satellite service industry are optimistic about satellite communication opportunities, with leading and startup companies already investing in this field. Taiwanese manufacturers have entered the international supply chain of low-orbit satellite communication service providers, primarily offering ground equipment and related components. It is anticipated that as existing service providers expand their services and more players enter the market, related equipment and component suppliers will experience increased demand, attracting more investment and strengthening key component technology layouts.

(2) Formation of the 5G Lightweight Network (RedCap) Ecosystem

According to an IEK research report, the 5G lightweight network (RedCap) ecosystem will rapidly take shape in 2024. RedCap provides transmission rates far exceeding those of current NB-IoT technology, with significantly lower latency performance, handling higher data throughput, and boasting longer and more efficient battery life. This technology helps reduce the complexity and cost of device development and supports the development of IoT application scenarios required by diverse vertical industries in the 5G era. With the advent of 5G RedCap data chips, the cost of consumer, enterprise, or industrial IoT devices is expected to be over forty percent lower than that of traditional 5G NR technology terminals. Looking ahead, 5G RedCap chips will drive module and terminal mass production, stimulating continuous cost reduction in key industry segments. Telecom operators and IoT service providers are actively seeking suitable application scenarios to promote, accelerating commercial deployment and scaling.

(3) Mobile Communication Industry Actively Transforms with AI as Key Driver

According to MIC of the Institute for Information Industry (III), the mobile communication industry continues to face challenging environments in 2024, with benchmark operators in Europe and the United States maintaining or even reducing their capital expenditures. This trend also affects the equipment industry, and subdued performance may continue for some time. Faced with this challenging environment, telecom giants are not only improving communication technology and investing in next-generation critical wireless technologies but are also deeply integrating AI. Industry consultant Zhang Jiawei stated that some telecom equipment vendors are gradually incorporating AI functionality, dynamically allocating equipment resources to improve network service efficiency, and using AI to enhance energy efficiency to meet sustainability goals. Some companies are introducing generative AI into equipment management to help network managers quickly diagnose or expedite problem resolution. Senior industry analyst Liao Yanyi analyzed that operators are discussing more about the application of AI in network automation management and data center service support capabilities, hoping to accelerate operational and service transformation through AI. For many terminal equipment vendors incorporating generative AI, launching consumer electronics and AIoT devices, how telecom operators can make good use of these devices and integrate them with existing service plans is a key area to watch. In 2024, AI will play a crucial role in the mobile communication industry, especially in 5G+ generative AI, smart city applications, and the development strategies of major companies for large language models.

(4) Mobile Communication System Providers Offer "Customized Solutions" for Telecom Operators in 2024

According to MIC of the Institute for Information Industry (III), global 5G commercialization has entered the mid-term stage, with more mobile operators expected to upgrade from 5G NSA to 5G SA networks in 2024, while also moving towards the next-generation B5G network. In this regard, mobile communication system providers are shifting their focus from 5G NSA to 5G SA solutions. Senior industry analyst Zhong Xiaojun analyzed that in 2024, system providers will evolve technologies such as network slicing and massive MIMO, combined with generative AI, ESG, digital twinning, and edge computing, as ongoing development directions. They will provide new network architectures and operation management platforms for telecom operators, offering more customized 5G public/private network solutions in the form of individual products or package solutions to attract more cooperation with telecom operators.

(5) 2024 Marks a New Watershed for 5G Network: Chipmakers' Competition Enters New Chapter

According to MIC of the Institute for Information Industry (III), both major mobile terminal chip manufacturers are focusing on the development of the latest wireless technologies such as B5G/6G and Wi-Fi 7, integrating AI/ML technologies to optimize the transmission performance and power consumption of various 5G devices. With more mobile operators transitioning to 5G SA networks and moving towards B5G networks, chipmakers will demonstrate better support capabilities for technologies such as network slicing, massive MIMO, and Open RAN. On the system side, including core networks, edge network equipment, and small base stations, as transmission bands expand and support for B5G applications such as XR, satellite two-way communication, unmanned driving, and precise positioning develop, related product specifications and shipment demand will interact, creating more opportunities for growth. The emergence of new technologies in 2024 for 5G development will also stimulate the smart mobile phone, AI independent devices, and Vision Pro terminal trends, giving new life to consumer electronics and presenting opportunities and challenges for chipmakers. How to embed these technologies into existing and new application terminals' processor platforms will be an important issue. It is anticipated that the new technology wave in 2024 will bring new prospects for 5G development and also stimulate new changes in the competition and cooperation among chipmakers.

(III) Technology Research and Development

1.Existing Technology and Future Developments

Our company primarily engages in three major business areas: RF antennas, measurement equipment, and testing certification. In RF antennas, we specialize in Sub6 antenna design, focusing on key technologies such as special materials, highly integrated modules, optimized design structures, process and tool design, and multi-band antenna design. We simultaneously apply for patents to protect our technological achievements and meet customers' diverse antenna design needs. In array antennas, we possess the capability to design FR3 and FR2 array antenna modules, catering to communication products in the 7 GHz to 40 GHz frequency range.

In terms of future key technologies, our focus remains on innovative antenna structural design, multi-antenna integration, mmWave, miniaturized antenna design, and special materials research and development. In product development, our attention is on emerging areas such as system-level satellite array antennas (Ka/Ku), high-frequency communication modules, active electronically scanned arrays (AESA), beam tracking technology, special vertical domain antenna design, and comprehensive solutions for high-frequency communication systems.

In the field of measurement equipment, we collaborate with equipment manufacturers to promote new product technologies. In June 2024, our cooperation with the IT'IS Foundation and Semtech showcased relevant achievements. As the market increasingly adopts mobile devices utilizing Time-Averaged Proximity Sensors (TA-PS) to test Time-Averaged SAR (TAS) exposure values, our latest offering, the DASY8 Module SENS, is the only testing equipment currently certified by ISED Notice 2020-DRS0007, FCC KDB 447498, IEC TR 63424-1, and other regulations. We are also expanding into niche markets such as pre-surgical simulation for epilepsy/implants, low-orbit satellite testing, information encryption software, and open network architecture testing software. Furthermore, in response to the development trends in wireless electromagnetic technology, we provide testing services for high-power electromagnetic sources, wireless chargers, and other devices involving wireless power transmission (WPT) through our representation of MAGPy, capable of exposure and compliance assessment for sources in the 3 kHz to 10 MHz frequency range.

In the area of testing certification technology services, we continuously develop existing solutions such as 5G millimeter-wave testing, O-RAN testing solutions, information security consulting and testing, IoT detection technology, and industrial control software and product testing. Looking ahead, our subsidiary, Yao Rui, collaborates with the Industrial Technology Research Institute (ITRI) to introduce O-RAN RIC testing and verification solutions. This is because the open radio access network (O-RAN) architecture's Radio Intelligent Controller (RIC) is crucial for network resource management and optimization, with capabilities for both real-time (xApp) and non-real-time (rApp) management functions, making it a key technology for network development and meeting network demands. Yao Rui's promotion of RIC technology development in Taiwan has positioned it as a laboratory for developing RIC verification technology within the O-RAN Software Community. We will continue to align with O-RAN Alliance standards, enhancing the verification capabilities of RIC interfaces to ensure our domestic RAN technology remains internationally competitive.

Business	Key technology and service	Future development
Antenna	● 5G mmWave CPE Antenna ● High-performance High Gain Outdoor Antenna ● Large Array Antenna ● Antenna and Speaker Integration ● Antenna and RF Component Integration ● Anti-Metal Antenna Technology ● MIMO Multi-Antenna System ● Special Antenna Design (RFID Reader Antenna and Tag Antenna) ● UDC mmWave Up/Down Converter	● 5G multi-antenna integration design ● mmWave antenna design ● Miniature array antenna design ● Low Temperature Co-fired Ceramics (LTCC) antenna ● Large-scale array antenna design (LEO UT) ● O-RAN RU array antenna ● Active electronically scanned array (AESA) ● Beam tracking technology (Beam Tracking) ● Satellite array antenna ● High-frequency communication module ● High-frequency communication system integrated solution
Measurement equipment	● Specific Absorption Rate (SAR) measurement technology and human tissue fluid adjustment technology ● Medical device testing	● SAR 5G FR2 testing ● Epilepsy/implant safety pre-simulation ● Low earth orbit (LEO) satellite measurement technology ● Information encryption software ● Open network architecture testing software ● Time-Averaged SAR (TAS)
Testing and Certification:	O-RAN testing ● Certification of Conformance ● Interoperability Badge ● E2E System Integration Badge	● Information security consulting and testing services ● Internet of Things (IoT) detection technology ● Industrial control software and product testing. ● O-RAN RIC Testing and Verification Solution

2. Research and Development Personnel and Their Education and Experience.

Unit : person

Education \ year	2022	2023	Jan.1,2023-Mar.31,2024
PhD (%)	4	4	4
Master's (%)	31	33	39
Bachelor's (%)	39	40	43
High School (%)	4	3	3
Total	78	80	89

3. R&D Expenses for Recent Years

Unit: In thousands of New Taiwan Dollar

Year	2019	2020	2021	2022	2023
R&D Expenses	89,220	97,659	139,719	214,649	185,488
Revenue	919,722	1,121,773	1,432,826	1,718,039	1,779,638
R&D Expenses to Revenue %	9.70	8.71	9.75	12.49	10.42

4. Technologies or products successfully developed in the last five years

Year	Specific research and development results
2019	● Miniaturized high-gain UHF RFID antenna ● Outdoor V2X vehicle-to-everything antenna ● Built-in Sub-6G multi-frequency antenna ● External Sub-6G multi-frequency antenna ● 28G/39G 8x8 antenna module ● 28G 2x8 antenna module ● 28G/39G upconverter/downconverter
2020	● 39G 8x8 dual-polarization antenna module ● 5G vehicle-mounted antenna ● Built-in multi-frequency antenna for charging stations ● Outdoor Sub-6G high-gain antenna ● Multi-frequency antenna with integrated speaker ● NFC antenna with integrated casing
2021	● Vehicle-mounted thin film GNSS antenna ● Vehicle-mounted stacked multi-frequency GNSS antenna ● Built-in Sub-6G active antenna ● Low Earth Orbit large array antenna system ● 28G/39G multi-channel upconverter/downconverter ● 5G industrial Internet of Things communication antenna ● Electric charging station communication antenna
2022	● Sub-6G active antenna integrated into laptops ● Vehicle-mounted multi-in-one antenna ● Network-integrated multi-antenna system ● NFC antenna for charging stations
2023	● Multi-band integrated novel integrated antennas ● Communication products ranging from 7 GHz to 40 GHz system level ● O-RAN RIC testing and verification solution

(IV) Short-Term, Mid-Term and Long-Term Business Development

Auden has developed a comprehensive long and short-term business development plan to ensure sustained growth momentum. In the short term, our focus will be on expanding our market share, enhancing product quality, and increasing market penetration through marketing activities to boost international brand exposure. Additionally, we will continue to establish technical or strategic partnerships with existing clients to solidify our products' alignment with market demands in the future. Looking ahead in the long term, we will prioritize technological innovation and new product development to expand our product lines and explore new markets.

We are committed to continuous improvement and growth to maintain a leading position in the fiercely competitive market.

1.Short-Term Business Development

In the short-term development aspect, we closely collaborate with our customers to facilitate communication and align on mutually beneficial product development paths. By integrating our customers' new and existing product development processes, we provide optimized proposals for design-in models, ensuring competitiveness while maintaining profit margins and consolidating our market share. For new product development, we leverage key technologies and establish new teams to actively pursue opportunities for new projects and expedite the verification process with customers.

Regarding our supply chain, we have established design and manufacturing facilities in Taiwan, China, and Vietnam, aligning with the global layout of our international clients' supply chains to enhance collaboration and ensure closer cooperation between us, our customers, and the supply chain partners.

Lastly, in equipment agency and service testing, we focus on building professional technical capabilities, searching for opportunities to represent emerging products, and targeting vertical application areas within our core wireless testing business for strategic breakthroughs.

2.Mid-Term and Long-Term Business Development

In our medium to long-term development plan, our company remains committed to holistic development in production, sales, personnel, innovation, and finance. We prioritize key technologies such as high frequency, mmWave, critical software platforms, and niche application area products for development. In sales, we dedicate ourselves to expanding our global footprint, continuously seeking opportunities in relevant emerging markets. To enhance brand awareness, our marketing department integrates public relations and investor relations efforts to improve international brand recognition, engage with strategic investors, and enhance the visibility of new products at international exhibitions.

In talent cultivation and retention, we closely monitor trends in academia-industry collaboration and research talent, seeking the most suitable human resources for organizational growth. For financial planning, we adhere to prudent operations, carefully examining necessary investments to make optimal decisions.

Ultimately, our company is committed to sustainable development, driving initiatives such as sustainability planning teams, strengthening information security teams, establishing new business development teams, and centralizing procurement units to ensure that our company's medium to long-term development is centered around the interests of the group, enabling innovative breakthroughs in the wireless domain market.

II. Market, production and sales overview

(I) Market Analysis

1.Geographic distribution of major product markets

Unit: In thousands of New Taiwan Dollar ; %

Area \ Year		2022		2023	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic		245,280	14.28	400,650	22.52
Export	Asia	1,445,252	84.12	1,353,463	76.05
	Others	27,507	1.60	25,525	1.43
Total		1,718,039	100.00	1,779,638	100.00

2.Primary product sales regions and market share

In terms of RF antenna sales, our company holds a position in the middle to upper stream of the electronics supply chain. Deliveries are made based on the location of system assembly plants, with Taiwan and mainland China being the primary delivery areas. Due to recent factors such as the US-China trade war, the pandemic, and geopolitical tensions, our supply chain layout has shown initial results. Some production has commenced in Vietnam in coordination with clients, and we anticipate adjusting the sales proportion accordingly in the

future. As for new products, system-level products are currently undergoing verification with international clients, and sales contributions from related products are expected to gradually increase.

Regarding the sales of measurement equipment, we mainly act as agents for SAR series equipment and medical device measurement equipment. In the Greater China region, we continue to exclusively represent the Swiss SAR equipment manufacturer SPEAG, assisting the original manufacturer in securing high market shares in the Chinese and Taiwanese regional markets. Additionally, we collaborate with clients to expand into emerging medical application areas in regional markets. Overall, the sales of measurement equipment primarily focus on the Chinese and Taiwanese markets, with a direction towards expanding into new regional markets and new product representation.

In terms of testing and certification technology and consulting services, we have made strategic investments. Firstly, our subsidiary, Auray Technology Co., Ltd., operates as the only OTIC third-party impartial testing laboratory officially recognized by the O-RAN Alliance in Taiwan. Consequently, our service sales primarily target Taiwanese electronic network equipment and local operators, with service locations in Taoyuan and Kaohsiung. Secondly, our other subsidiary, Auden Intelligence Carbon Solution Co. Ltd., focuses on carbon reduction and sustainable consulting services, providing consultation and professional services to enterprises across various sectors, promoting the transition to net-zero carbon emissions in industries. Regarding the development prospects of the company's business, focusing on the demand for wireless communication, network communication, and emerging vertical applications, the following is a discussion of the market supply and demand status and growth prospects of the company's industry.

3. The future market supply and demand conditions and growth prospects

Regarding the business development prospects of our company, focusing on wireless communication, network communication, and emerging vertical application demands, the following will discuss the market supply and demand conditions and growth prospects relevant to our company's market segment.

(1) Rugged Handheld Device

According to Industry Research reports, the global market size for Rugged Handheld Devices (including Mobile Computers, Readers/Scanners, Smartphones, and Others) was approximately \$3.7 billion in 2023, with an estimated increase to \$4.5 billion by 2028, representing a compound annual growth rate (CAGR) of 3.4%. In terms of regional markets, the Asia-Pacific and North America regions each accounted for 37% and 31%, respectively, capturing over 60% of the global market. Major brands in this sector include Honeywell, Zebra Technologies, Datalogic, Panasonic, Handheld Group, CIPHERLAB, TouchStar Technologies, Juniper Systems, Aceeca, and Advantech.

(2) Notebook Computers:

According to TrendForce research, global notebook shipments in 2023 were around 166 million units, representing a 10.8% year-on-year decline due to global inflation and inventory destocking issues. Looking ahead to 2024, as inventories of major laptop manufacturers gradually deplete, inflation eases, and Microsoft plans to end support for the Windows 10 operating system, demand for new laptops is expected to increase. Therefore, TrendForce predicts a moderate growth in the global notebook market in 2024, with a shipment growth rate of approximately 3.6% to reach 172 million units.

(3) Electromagnetic Wave Absorption Ratio Testing:

According to Market Research Guru, the global SAR Measurement market was valued at \$420 million in 2023, and is projected to reach \$480 million by 2030, with a CAGR of 1.8%. Traditional SAR measurement systems dominate with a market share exceeding 55%. Major equipment manufacturers in this field include Swiss SPEAG, Microwave Vision Group, ART-Fi, IndexSAR, and TDK RF Solutions Inc. With advancements in the healthcare smart industry, such as smart wearable devices and implant diagnostic tools, SAR standards are becoming more comprehensive, leading to an increase in testing requirements.

(4) Open Network Architecture:

According to Dell'Oro Group reports, after rapid growth from 2019 to 2022, the Open RAN market faced a decline in 2023. However, long-term forecasts remain optimistic. Research institutions predict that Open RAN is expected to account for 10% of the global RAN market share in 2024 and exceed 20% by 2028.

(5) Satellite Communications:

According to the Satellite Industry Association (SIA), the global space economy reached \$384 billion in 2022, with satellite industry revenues accounting for 73% at \$281.1 billion. In Taiwan, the satellite communications industry contributed NT\$215.8 billion out of the total space industry value of NT\$215.8 billion in 2022, with ground receiving equipment contributing NT\$212.9 billion.

(6) Millimeter Wave:

According to Mordor Intelligence, the millimeter wave technology market is projected to reach \$3.74 billion by 2024 and \$9.91 billion by 2029, with a CAGR of 21.49% from 2024 to 2029. According to GSMA reports, by 2030, 5G deployments are expected to reach approximately 1 billion connections. Millimeter wave technology will support future mobile innovations and is expected to add nearly \$1 trillion to the global economy by 2030. Additionally, 5G services are expected to launch in 30 new markets in Africa and Asia in 2023. With the continued expansion of 5G deployments, network operators are intensifying efforts to expand 5G Fixed Wireless Access (FWA) services, even in markets with lower fixed broadband penetration and growing income, with 5G growth expected to exceed the average level.

(4) Open RAN

According to the Dell'Oro Group report, O-RAN's growth momentum has been strengthened in recent years, and the market growth momentum has been revised upward. It is expected that the global revenue scale of O-RAN base stations and wireless equipment market will grow to 20 billion US dollars in the next five years, and its market share in the overall RAN market will be about 15% by 2026. European and American telecommunications companies are still in the process of dealing with small-scale testing

(5) Satellite communication

According to a report from the Satellite Industry Association (SIA), the global space economy was valued at \$386 billion in 2021, with the satellite industry accounting for 72%, or \$279 billion, of that value. The overall industry value increased by 3% compared to 2020, and the satellite industry includes satellite manufacturing, launch, ground equipment, and satellite services. Non-satellite industries include government space budgets and commercial crewed spacecraft services.

(6) mmWave

According to a report from the GSA, 192 telecom operators worldwide are investing in 5G mmWave, including testing and verification, network planning, bidding for spectrum licenses, or deploying commercial networks. Of those, 140 telecom operators in 24 countries have acquired at least one frequency band license, such as 26-28 GHz, 37-40 GHz, or 47-48 GHz. The most commonly deployed and licensed mmWave frequency bands are 26-28 GHz and 37-40 GHz, while the higher-frequency bands above 48 GHz remain an area of industry concern, with only a few operators conducting tests.

It is worth noting that 5G Fixed Wireless Access (5G FWA) is gaining momentum in the US market. While the initial deployment of 5G FWA focused on mid-band frequencies, it is expected to shift to mmWave to support potential explosive growth. Verizon's CFO, Matt Ellis, said that the company is continuing to enhance its C-band 5G FWA application and may introduce FWA products into the mmWave spectrum in the future. Ellis pointed out that Verizon is providing 5G FWA to more than 10 million households and expects FWA demand to exceed 50 million units by 2025.

4. Competitive Advantages

Our company, established on the foundation of wireless communication technology, has embarked on a journey of interdisciplinary expansion and service integration. Within the domain of antenna design, we strategically focus on niche markets and integrate forward-thinking technologies. Through close collaboration with international clients, we have developed sophisticated integrated antenna designs tailored for industrial applications, V2X antenna solutions, 5G antennas, and antennas with specialized specifications. Furthermore, we are dedicated to the development of system-level millimeter-wave and array antenna systems, emphasizing antenna module design and forging partnerships with key stakeholders to deliver integrated solutions for Tier 1 clients globally.

In the fiercely competitive realm of measurement equipment testing, we excel in adhering to advanced standards, specifications, and trends in wireless communication electromagnetic wave absorption measurement. Our sales of electromagnetic wave absorption equipment testing in the Greater China region have garnered trust from both manufacturers and customers, resulting in our attainment of the highest market share.

Simultaneously, we explore emerging applications, particularly in the sphere of smart and precision healthcare, such as preoperative simulation systems for epilepsy/implant safety and medical device testing. Collaborations with prominent domestic medical institutions have yielded tangible successes in this domain.

Responding to the evolving landscape of wireless electromagnetic technology, particularly within emerging markets like electric vehicles, we have made significant strides in testing high-power electromagnetic sources, wireless charging equipment, and other wireless power transmission devices. Our investment in network product testing certification services has led to the establishment of our subsidiary, Auray Technology Co., Ltd., recognized as the only OTIC third-party fair testing laboratory officially endorsed by the O-RAN Alliance in Taiwan. Through collaborations with prominent domestic telecommunications companies, electronic giants, and research institutions, we have developed a key software testing platform, RIC, to stay abreast of critical trends in the industry.

Lastly, our commitment extends to environmental sustainability consultancy services through our subsidiary, Auden Intelligence Carbon Solution Co. Ltd. Here, we focus on carbon reduction initiatives and provide consulting services to enterprises across various sectors, facilitating the transition towards net-zero carbon emissions.

5.Future development factors and response strategies

(1)Favorable factors

- A.The advent of 5G/6G advanced communication technology, which requires high bandwidth, low latency, and large connectivity, combined with the growing demand for emerging applications such as smart retail, smart logistics, V2X for connected cars, and broadband communication in uncovered areas. This will increase the demand for antenna design, providing more market opportunities and potential for antenna manufacturers.
- B.The company has been deeply involved in the antenna industry for 30 years, with wireless communication technology as its foundation. It has expanded its business horizontally and developed key technologies to meet changing customer and market demands.
- C.The company has a deep collaboration with academia and research institutes, which helps to develop key technologies and emerging services.

(2)Unfavorable factors,

- A. The conflicts in the Middle East and the war in Ukraine may produce spillover effects on the market, potentially causing widespread adverse impacts on global markets. The escalation of these conflicts or the worsening of other geopolitical tensions could reduce global economic activity and drive up inflation, particularly in the context of long-term supply chain disruptions and production interruptions.
- B. With numerous domestic and international competitors, shortened product life cycles, and intense price competition, our company aims to continuously deepen cooperation with customers to raise the technical competition threshold in the market. For long-term planning, we regularly conduct patent application reviews and establish application mechanisms internally to facilitate our long-term technological layout.
- C. Insufficient brand awareness and trust lead to prolonged customer certification and adoption periods. By collaborating with well-known domestic and international companies, supply chains, IC industry players, and organizations, and by adding new marketing departments, we are committed to enhancing international brand awareness and accelerating customer certification periods.
- D. Facing the impact of U.S.-China political rivalry, post-pandemic effects, the Russia-Ukraine war, and supply chain diversification, we have established a new market intelligence unit to better understand market dynamics and formulate relevant countermeasures. In the supply chain, we are deeply cooperating with customers to accelerate our layout in Southeast Asia (Vietnam factory) to jointly mitigate related risks.

(II) Primary Applications of Major Products and Production Processes

1.Primary Applications

Our company's main product is the planning, design, and manufacturing of various wireless RF antennas for evaluation, primarily for use in transmitting and receiving communication products in communication network environments.

2. Production Process

Production process: incoming material inspection → assembly of connectors and cables → FPC and brackets → cable soldering → auxiliary material attachment → glue dispensing → electrical testing → visual inspection → packaging.

(III) Supply/Demand Status of Major Raw Materials and Components

Supply/Demand Status of Major Raw Materials and Components: Our main raw materials are molds and materials, and we have established long-term and stable supply relationships with domestic suppliers. Some plastic materials need to be imported from abroad, but we have stable long-term supply and have not encountered any production stoppages due to waiting for materials.

(IV) Key Accounts in the Past Two Years :

1. Key Vendors

Unit: In thousands of New Taiwan Dollar ; %

Item	2022				2023				2024Q1			
	Name	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Name	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Name	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer
1	Vendor A	427,271	53.11	None	Vendor A	358,744	52.62	None	Vendor A	64,481	45.08	None
	Others	377,298	46.89	-	Others	322,989	47.38		Others	78,568	54.92	
	Net purchases	804,569	100.00	-	Net purchases	681,733	100		Net purchases	143,049	100	

Reasons for the increase or decrease :

The reasons for change in purchase amounts is according to the product and market demand, but the trend of changes is reasonable.

2. Key Customers

Unit: In thousands of New Taiwan Dollar ; %

Item	2022				2023				2024 Q1			
	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	Customer B	155,337	9.04	None	Customer B	273,347	15.36	None	Customer B	82,139	22.36	None
2	Customer A	249,321	14.51	None	Customer A	232,743	13.08	None	Customer A	77,148	21.00	None
	Others	1,313,381	76.45	-	Others	1,273,548	71.56	-	Others	208,042	55.64	-
	Net sales	1,718,039	100.00	-	Net sales	1,779,638	100.00	-	Net sales	367,329	100.00	-

Reasons for the increase or decrease :

The reasons for change in sales's amounts is mainly change in customer demand which lead to the sales amounts and ratio change.

(V) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: K pcs, NT\$ Thousand

Major Product	Quantity & Value	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Antenna		17,114	12,696	815,734	12,694	10,039	875,913

The analyze of changes: mainly change in product and market demand which lead to the production volume and production Value change.

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: K pcs, NT\$ Thousand

Major Product	Quantity & Value	2022				2023			
		Local		Export		Local		Export	
		Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Antenna		1,196	65,005	32,975	729,582	782	68,822	38,643	813,101
Measurement Equipment	Note		173,652	Note	543,552	Note	287,029	Note	567,814
Testing and certification services	Note		6,620	Note	199,628	Note	41,403	Note	-
Others	Note		-	Note	-	Note	1,469	Note	-
Total		Note	245,277	Note	1,472,762	Note	398,723	Note	1,380,915

Note: Measurement equipment and accreditation testing are unformatted product, therefore they cannot be calculated.

The analyze of changes: mainly due to change in customer demand.

III. Employees

Unit : person ; %

Year		2022	2023	Jan.1,2024-Mar.31,2024
Number of employees	Manager level and above	42	38	38
	Indirect labor employee	187	250	266
	Direct labor employee	38	67	80
	Total	267	355	384
Average age		37.62	36.33	35.83
Average years of service		4.04	3.90	3.79
Education	PhD (%)	1.87%	1.41%	1.30%
	Master's (%)	19.85%	19.15%	18.39%
	Bachelor's (%)	56.55%	47.33%	46.37%
	High School (%)	9.74%	25.35%	24.61%
	High School Below (%)	11.99%	6.76%	9.33%

IV. Information on environmental protection expenses

- (I) The total amount of losses (including compensation) and disposals suffered due to environmental pollution

The company is mainly responsible for the production of RF antenna products by Auden Communications & Multimedia Techno (Kunshan) Co., Ltd., and there is no special pollution. In addition, general domestic sewage is discharged into municipal sewage pipes according to the "drainage permit". The waste generated in the production process is collected and classified and submitted to professional manufacturers for recycling. All sewage and waste treatment of Auden are monitored by the local environmental protection monitoring department, which complies with the requirements of relevant environmental protection laws and regulations, and Auden has passed the ISO14001:2015 environmental management system certification.

- (II) Future response measures (including improvement measures) and possible expenditures: Not applicable.

V. Labor relations

Our company has always attached great importance to labor relations, striving to establish a harmonious working environment and solid labor-management relations. We adhere to the principles of fairness, transparency, communication, and trust, promoting good cooperation and mutual benefit between labor and management.

In terms of labor relations, our company takes the following measures:

- Regularly convene labor-management meetings to discuss and negotiate issues such as company operations, working conditions, and employee benefits, ensuring that the rights and interests of labor are fully protected.
- Establish effective problem-solving mechanisms, encourage employees to voice their opinions and feedback, and promptly respond to and address issues and concerns raised by employees.

- Actively advocate for labor participation in corporate management, encouraging employees to participate in decision-making processes and enhancing their sense of participation and belonging to the company.
- Ensure compliance with labor laws and regulations, safeguarding the legitimate rights and interests of employees, and establish fair working mechanisms and compensation systems.
- Provide comprehensive employee training and development opportunities, helping employees improve their skills and professional qualities, and achieve mutual development between individuals and the company.

Through these measures, our company is committed to maintaining stable and harmonious labor relations, creating a favorable working atmosphere, and jointly promoting the sustainable development of the enterprise.

(I) Employee Welfare Measures, Training, Education, Retirement System, and Agreements between Labor and Management:

1. Employee Welfare Measures: Our company has established an Employee Welfare Committee, which holds regular meetings to discuss matters and supervise the allocation of funds. In addition to the welfare provided by the committee, the company offers various other welfare measures, demonstrating our commitment to caring for employees and fostering positive labor-management relations.

- (1) Employees are covered by labor insurance, health insurance, group accident insurance, and travel accident insurance.
- (2) Annual salary adjustments, holiday bonuses, and performance bonuses are provided to employees.
- (3) Implementation of restricted stock policies for employees.
- (4) Regular health check-ups for employees.
- (5) Provision of free meals or meal subsidies for employees.
- (6) On-the-job training and external professional training opportunities for employees.
- (7) Subsidies for domestic travel for employees annually.
- (8) Various allowances for employees, including wedding, funeral, celebration, and birthday gifts.
- (9) Implementation of a hybrid work model in response to the pandemic.

2. Staff training and training:

- (1) To enhance employees' knowledge and skills in alignment with the company's operational policies and development goals, we provide a training program for new employees from the beginning of their employment. Individualized training and development plans are arranged based on each employee's capabilities to improve their professional knowledge and skills.
- (2) New employees undergo training through a corporate mentorship system and task assignments, supplemented by strengthened personnel care mechanisms to ensure their complete training within the company.
- (3) For managerial positions, counseling is provided to mid-to-senior-level executives to enhance their professional abilities and strengthen management capabilities in preparation for the company's future development plans.
- (4) In 2023, we received subsidies from the Ministry of Labor's Workforce Development Agency for the implementation of the In-Service Middle-aged and Elderly Employment Stability Training Program.
- (5) "Star Expansion Project": In 2023, one employee who met the specified criteria participated in paid doctoral degree studies as part of the effort to attract and retain outstanding talent.
- (6) Monthly educational training courses are conducted, covering topics such as professional training, ESG sustainability courses, leadership development, humanities and health seminars, career planning, and performance assessment. During the reporting period, a total of 20 internal technical seminars and sharing sessions were held within the group's business units.

3.Retirement system and implementation:

To ensure the well-being of employees after retirement and to enhance their service spirit during their employment, Auden Company has established an employee retirement plan in accordance with the Labor Standards Act and the Labor Pension Act. This plan clearly stipulates the conditions for voluntary and mandatory retirement, the standards for pension payments, and the application and payment procedures. Our company has established a Labor Retirement Reserve Supervisory Committee in accordance with the law, which holds regular quarterly meetings. For employees who have adopted the old system, we contribute 2% of their monthly salaries to the retirement reserve fund, as per the Regulations for the Allocation and Management of the Labor Retirement Reserve Fund. These funds are deposited into a dedicated account in the name of the Labor Retirement Reserve Supervisory Committee at a legally designated financial institution. For employees who have chosen the new system, we contribute 6% of their monthly salaries to their individual retirement accounts, in accordance with the Labor Pension Act, ensuring their financial security after retirement.

There were no employees who retired in the year 2023.

4.Labor agreement situation:

The labor-management relationship in our company has always been harmonious. Disputes between labor and management are resolved through two-way communication and coordination, and there have been no labor-management disputes. Therefore, there are no labor-management agreement situations.

5.Protection measures for working environment and personal safety of employees:

Our company has long been committed to environmental protection, energy conservation, and employee care. We aim to fulfill our social responsibilities while growing as a company and strive towards sustainable operations, in compliance with relevant domestic regulations. For the operation of our facilities, we conduct various environmental tests and assessments of personnel working environments in accordance with the law. We have established comprehensive audit procedures, including routine inspections and checks on high-risk operations. We also undergo periodic audits by domestic and international third-party verification agencies or clients. To enhance all employees' awareness of safety and health, we provide relevant training courses so that employees can understand hazards and implement safety standards and procedures to effectively protect themselves.

- (II) Losses due to labor dispute in the past year and up to when the annual report is published (including violations of the Labor Standard Act as discovered in inspections, list date of violation, violation number, legal regulation violated, content of violation, content of penalty):

Our company has always prioritized respecting and caring for employees. We have open welfare policies and maintain a sincere attitude towards our employees. The communication channels between labor and management are excellent, fostering harmonious relations, and there have been no disputes between labor and management.

Therefore, there have been no losses incurred due to labor disputes in the most recent fiscal year and up to the date of printing of the annual report. Additionally, we do not anticipate any losses related to labor disputes in the future.

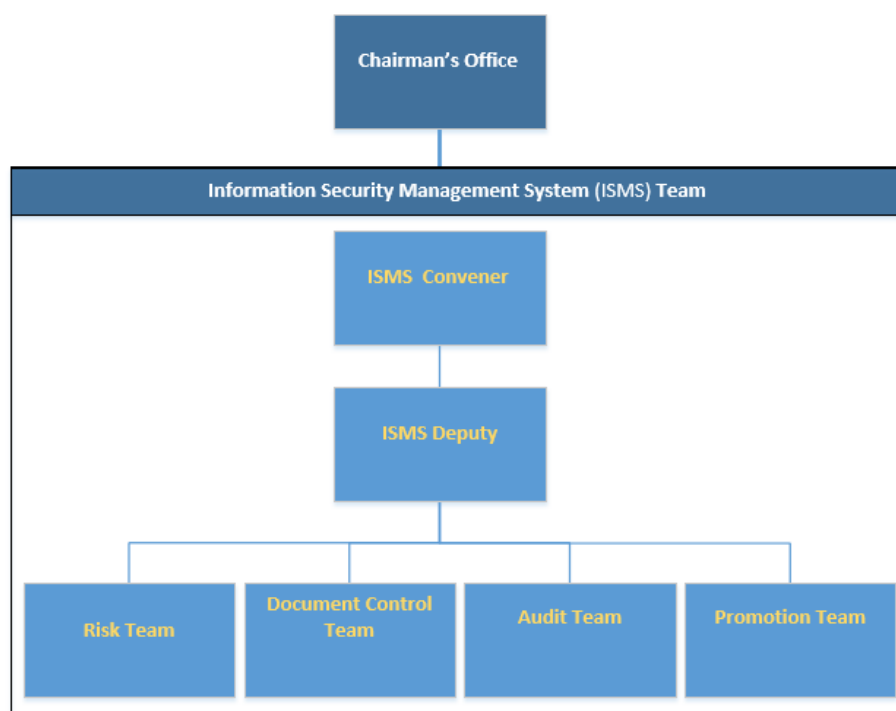
VI. Cyber security management

- (I) Cyber security risk management framework, information security policy, specific management plan and resources invested in cyber security management:

1.Cyber security risk management framework

The company's IT department is responsible for the management and planning of cyber security policies, and has set up an Information Security Management System (ISMS) team to implement the implementation, auditing, information security-related incident handling and reporting of cyber security policies. The information security management team is mainly composed of department heads such as the IT department, administration management department and the audit office, and personnel cross-departmental. It has jurisdiction over the information security management team representatives, risk team, document control team, audit team and promotion team. The representatives of the ISMS team hold management review meetings every year to review and make decisions on information security and information protection guidelines and policies, review and improve the handling of information security-related incidents, and implement the

effectiveness of information security management measures; The information security management team report to general manager on the effectiveness of information security management, issues related to information security and future directions.



2. Cyber security policy

Enterprise information security management strategy and structure. In order to effectively implement information security management, the company holds regular meetings every year through the information security management team covering Taiwan factories and overseas subsidiaries. According to PDCA: P (Plan), D (Do), C (Check) and A (Act) management cycle mechanism, review the applicability and protection measures of information security policies, and report the implementation results to the general manager.

- P - "Plan stage" focuses on information security risk management, starts the introduction of Information Security Management System (ISMS). Expects to promote the certification of international information security management system (ISO/IEC 27001), reduce the threat to enterprise information security on the technical, system and procedure level, and establish confidential information protection services that meet customer needs and meet the highest standards. The introduction project of ISO/IEC 27001 has been started in August 2022, the internal audit has been completed on November 30, 2022. The external audit and application for evidence collection is expected to be in 2023/Q1.
- D - "Do Phase" builds multi-layer information security protection, continuously introduces innovative technologies for information security defense, integrates information security control and management mechanisms into daily operating processes such as software and hardware maintenance, system application management, and systematically monitors information Security, maintaining the Confidentiality (C), Integrity (I) and Availability (A) of the company's important assets.
- C - "Check stage" actively monitors the effectiveness of information security management, conducts information security index measurement and quantitative analysis based on the audit results. and conducts information security maturity assessment through regular simulation exercises of information security attacks.
- A - "Act Phase" is based on review and continuous improvement, implementing supervision and auditing to ensure the continued effectiveness of information security regulations; based on performance indicators and maturity evaluation results, regular review and implementation includes information security measures,

education, training, announce and other improvements to ensure that the company's important confidential information not disclosure.

3. Specific management plan

(1) Implementation and execution:

- A. Network security: Network equipment and environmental security testing.
- B. Protection mechanism for website and application system: Firewall device is equipped to block external network attacks.
- C. Anti-virus protection: Anti-virus system(ApexOne), abnormal status check and virus event tracking management.
- D. Firewall protection: Firewall exception inspection and intrusion event tracking management.
- E. E-mail security control: E-mail system (Exchange) and anti-spam system (SPAM) abnormal status inspection.
- F. Application system authority management: Set the authority to access the system according to the user account and review.
- G. Server room management: Access control restricts personnel access and keeps access records, adopts independent air conditioners (two switches) and places fire extinguishers. Configures UPS to ensure data security and will not cause data loss due to power failure/jumping, and sets up two CCTV for separate monitoring access control in and out of the server room.
- H. Server room and servers inspection: Set up an electronic inspection form, fill in the form every day and record relevant information to ensure that all system maintenance and operation can be normal.
- I. Backup and redundancy: Servers and systems are backed up daily, and high-availability(HA) redundancy mechanisms are established for important systems (replicated every 30 minutes to every 2 hours depending on the level).

(2) Handling and reporting:

- A. If information security-related incidents occur, the IT department will handle this issue and take the notify processing.
- B. Case sharing, learning and statistics and analysis of information security incidents.

(3) Research and application:

- A. Keep pace with the times and continue to study information security technology and possible introduction and application.

4. Cyber security management resources

- (1) Continue to invest in information security protection, compile and implement budgets for information security-related equipments and systems every year.
- (2) Arrange personnel education and training from time to time and strengthen information security policy advocacy.
- (3) Join TWCERT/CC to obtain the latest information security information to achieve joint information security defense and enhance overall information security capabilities.

(II) Cyber security risks and countermeasures:

The company has established comprehensive network and computer-related information security protection measures, but it cannot guarantee computer systems that control or maintain important corporate functions such as manufacturing operations and accounting can completely avoid cyber attacks from any third-party paralyzed systems. These cyber attacks invade the company's internal network system illegally, and conduct activities such as disrupting the company's operations and damaging the company's reputation. In the event of serious cyber attacks, the company's relevant systems may lose their important data. The company ensures its appropriateness and effectiveness by continuously reviewing and evaluating information security regulations and procedures, but cannot guarantee Information security threats are not affected by new risks and hacker attacks.

The company may face attacks in the future due to the purchase and installation of devices containing malicious software. In order to prevent and reduce the damage caused by such attacks, the company has implemented relevant improvement measures and continuously updated them, such as establishing a device anti-virus mechanism To prevent devices containing malicious software from entering the company, strengthen network

firewalls and network control to prevent computer viruses from spreading across network segments and across factories, establish endpoint anti-virus measures, introduce new technologies to strengthen data protection, and strengthen phishing email detection measurement. Although the company continues to strengthen information security protection measures, it still cannot guarantee that the company will be free from malicious software and hacker attacks.

In addition, the company needs to share highly sensitive and confidential information to some of the third-party vendors it employs to provide services for the company and its affiliated companies, so that they can provide related services. Although the company requires them to abide by confidentiality and/or network security regulations in the service contracts signed with third-party service providers, it cannot guarantee that each third-party service provider will strictly abide by these obligations. The internal network systems and external cloud computing networks (such as servers) maintained by the above-mentioned service providers and/or their contractors are also at risk of cyber attacks. If the company or service providers cannot solve the technical problems caused by these cyber attacks in a timely manner, or ensure the data Confidentiality(C), Integrity(I) and Availability(A), or control of the company's or its service provider's computer systems, could seriously damage the company's commitment to customers and other interested parties, and the company's operating results, financial condition, prospects and reputation could be materially damaged as a result.

(III) Major cyber security incidents

In the most recent year and as of the date of publication of the annual report, if the losses suffered due to major information security incidents, possible impacts, and countermeasures. If cannot be reasonably estimated should be fact stated why cannot be reasonably estimated: No such incident occurred.

VII. Material contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Agency contract	A company	2018/03/01 til now	Being A's representative to perform reletant services.	-
Agency contract	B company	2006/10/31 til now	Being B's representative to perform relevant services.	-
Loan agreement	Bank of Taiwan	2021/06/08~2041/16/08	In cooperation with the bank, designed a program for lending money generated.	-
Loan agreement	Cathay United Bank	2022/12/31~2024/12/31	Governing Facilities Granted by and Transactions entered into with the bank.	-
Guarantee contract	Mega International Commercial Bank	2021/11/26~2025/01/18	Relating the guarantee of CB.	
Loan agreement	Mega International Commercial Bank	2023/12/29~2024/12/28	Governing Facilities Granted by and Transactions entered into with the bank.	-
Engineering contract	Fu Tai Construction Co., Ltd.	2023/03/07~15 years from the day after completion	Relating the building project in Bade distric.	-

Six. Financial overview

I. Condensed Balance Sheet and Statement of Comprehensive Income for the past 5 fiscal years

(I) Condensed Balance Sheet

1. International Financial Reporting Standards - Consolidated

Unit: In thousands of New Taiwan Dollar

Unit: In thousands of New Taiwan Dollar

Year Item		Financial information covering the last 5 years (Note1)					Financial information as of March 31,2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		819,334	1,245,184	1,513,723	2,280,255	2,188,583	2,358,965
Property, Plant and Equipment		298,637	329,284	558,897	498,054	713,473	746,284
Intangible assets		3,668	3,928	9,405	7,920	9,324	10,519
Other assets		184,659	238,843	216,223	264,736	227,550	306,163
Total assets		1,306,298	1,817,239	2,298,248	3,050,965	3,138,930	3,421,931
Current liabilities	Before dividend	418,115	523,249	615,638	778,167	805,071	1,238,331
	After dividend	458,811	597,962	755,803	941,656	935,834 (Note.2)	1,238,331
Non-Current liability		194,458	136,200	306,763	666,036	666,716	171,809
Non-Current liability	Before dividend	612,573	659,449	922,401	1,444,203	1,471,787	1,410,140
	After dividend	653,269	734,162	1,062,566	1,607,692	1,602,550 (Note.2)	1,410,140
Attributable to the shareholder's equity of the parent company		655,703	1,115,283	1,324,309	1,606,762	1,662,359	2,007,547
Share capital		406,957	466,957	467,217	467,131	468,004	502,934
Additional paid-in capital		42,033	367,809	384,651	476,307	505,922	888,852
Retained earnings	Before dividend	228,940	296,065	498,372	679,268	721,234	606,477
	After dividend	188,244	221,352	358,207	515,779	590,471 (Note.2)	606,477
Other equity		(22,227)	(15,548)	(25,931)	(15,944)	(32,801)	9,284
Treasury Stock		-	-	-	-	-	-
Non-Controlling Interest		38,022	42,507	51,538	-	4,784	4,244
Total equity	Before dividend	693,725	1,157,790	1,375,847	1,606,762	1,667,143	2,011,791
	After dividend	653,029	1,083,077	1,235,682	1,443,273	1,536,380 (Note.2)	2,011,791

Note 1 : The financial information for the past five fiscal years has been audited by the CPAs.

Note 2 : The earnings after distribution of 2023 has been resolved by the Board of Directors.

Note 3 : The quarterly information till the printing date of this annual report has been reviewed by CPA.

2. International Financial Reporting Standards - Individual

Unit: In thousands of New Taiwan Dollar

Item \ Year	Financial information covering the last 5 years (Note.1)					Financial information as of March 31, 2024 (Note 3)
	2019	2020	2021	2022	2023	
Current assets	339,016	712,663	960,008	1,423,020	1,318,550	Not applicable (Note 3)
Property, Plant and Equipment	112,395	152,422	356,080	380,622	583,423	
Intangible assets	1,986	1,771	8,055	6,153	2,778	
Other assets	533,863	587,237	687,302	1,011,198	1,060,870	
Total assets	987,260	1,454,093	2,011,445	2,820,993	2,965,621	
Current liabilities	Before dividend	231,877	285,064	442,379	557,760	649,119
	After dividend	272,573	359,777	582,544	721,249	779,882 (Note.2)
Non-Current liability		99,680	53,746	244,757	656,471	654,143
Non-Current liability	Before dividend	331,557	338,810	687,136	1,214,231	1,303,262
	After dividend	372,253	413,523	827,301	1,377,720	1,434,025 (Note 2)
Attributable to the shareholder's equity of the parent company		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Share capital		406,957	466,957	467,217	467,131	468,004
Additional paid-in capital		42,033	367,809	384,651	476,307	505,922
Retained earnings	Before dividend	228,940	296,065	498,372	679,268	721,234
	After dividend	188,244	221,352	358,207	515,779	590,471 (Note.2)
Other equity		(22,227)	(15,548)	(25,931)	(15,944)	(32,801)
Total equity	Before dividend	655,703	1,115,283	1,324,309	1,606,762	1,662,359
	After dividend	615,007	1,040,570	1,184,144	1,443,273	1,531,596 (Note 2)

Note 1 : The financial information for the past five fiscal years has been audited by the CPAs.

Note 2 : The earnings after distribution of 2023 has been resolved by the Board of Directors.

Note 3 : There is no parent company only financial information audited by the CPAs for 2024 as of March 31.

(II) Condensed Balance Sheet

1. International Financial Reporting Standards - Consolidated

Unit: In thousands of New Taiwan Dollar , only earnings per share of Dollar

Item \ Year	Financial information covering the last 5 year (Note 1)					Financial information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Revenue	919,722	1,121,773	1,432,826	1,718,039	1,779,638	367,329
Gross profit	383,768	472,428	605,359	693,824	778,060	139,925
Operating income	47,433	100,084	155,127	95,927	227,236	8,689
Non-Operating Income and Expenses	27,922	43,839	160,536	306,070	41,898	14,654
Pre-Tax Income	75,355	143,923	315,663	401,997	269,134	23,343
Continuing department net income - current	58,409	111,752	285,329	323,589	205,759	15,466
Loss from the discontinued department	-	-	-	-	-	-
Net Income - current (Loss)	58,409	111,752	285,329	323,589	205,759	15,466
Other current comprehensive income(loss) (net after tax)	(562)	22,744	(10,103)	(2,191)	(9,669)	39,620
Total current comprehensive income or loss	57,847	134,496	275,226	321,398	196,090	55,086
Net income attributable to the shareholder's equity of the parent company	59,577	107,988	275,969	320,777	206,407	16,006
Net income attributable to the non-controlling equity	(1,168)	3,764	9,360	2,812	(648)	(540)
Comprehensive profit and loss attributable to the shareholder's equity of the parent company	60,486	130,011	266,195	317,838	196,738	55,626
Comprehensive profit and loss attributable to the non-controlling equity	(2,639)	4,485	9,031	3,560	(648)	(540)
EPS	1.46	2.63	5.96	6.89	4.42	0.33

Note 1 : The financial information for the past five fiscal years has been audited by the CPAs.

Note 2 : The quarterly information till the printing date of this annual report has been reviewed by CPA.

2. International Financial Reporting Standards - Individual

Unit: In thousands of New Taiwan Dollar , only earnings per share of Dollar

Item \ Year	Financial information covering the last 5 years(Note 1)					Financial information as of March 31,2024 (Note 2)
	2019	2020	2021	2022	2023	
Revenue	568,818	578,833	901,859	1,353,666	1,402,873	Not applicable (Note 2)
Gross profit	237,390	260,250	333,993	498,380	607,712	
Operating income	58,015	55,797	64,701	73,080	184,611	
Non-Operating Income and Expenses	16,984	70,689	234,666	296,603	72,184	
Pre-Tax Income	74,999	126,486	299,367	369,683	256,795	
Continuing department net income - current	59,577	107,988	275,969	320,777	206,407	
Loss from the discontinued department	-	-	-	-	-	
Net Income - current (Loss)	59,577	107,988	275,969	320,777	206,407	
Other current comprehensive income(loss) (net after tax)	909	22,023	(9,774)	(2,939)	(9,669)	
Total current comprehensive income or loss	60,486	130,011	266,195	317,838	196,738	
EPS	1.46	2.63	5.96	6.89	4.42	

Note 1 : The financial information for the past five fiscal years has been audited by the CPAs .

Note 2 : There is no parent company only financial information audited by the CPAs for 2024 as of March 31.

(III) Names and audit opinions of CPAs in the latest five years

Year	Name of CPA firm	Name of CPA	Auditing opinions
2018	KPMG Taiwan	Lily Lu & Lin Wu	Modified unqualified opinion
2019	KPMG Taiwan	Lily Lu & Lin Wu	Modified unqualified opinion
2020	KPMG Taiwan	Lily Lu & Lin Wu	Modified unqualified opinion
2021	KPMG Taiwan	Lily Lu & Lin Wu	Modified unqualified opinion
2022	KPMG Taiwan	Lily Lu & Lin Wu	Modified unqualified opinion
2023	KPMG Taiwan	Lily Lu & Lin Wu	Modified unqualified opinion

II. Financial analysis for the past 5 fiscal years

(I) International Financial Reporting Standards - Financial analysis (Consolidated)

Item \ Year		Financial analysis in the latest five years (Note 1)					As of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	46.89	36.29	40.13	47.34	46.89	42.21
	Ratio of long-term capital to property, plant and equipment	297.41	380.06	291.84	456.34	327.11	292.60
Debt servicing capability (%)	Current ratio	195.96	237.97	245.88	293.03	271.85	190.50
	Quick ratio	158.90	197.96	188.55	247.21	231.48	164.87
	Interest Coverage ratio	26.17	56.50	114.88	40.79	22.13	8.42
Operating efficiency	A/R turnover rate (times)	3.83	3.95	4.36	4.96	4.10	3.13
	Average collection days	95	92	84	74	89	117
	Inventory turnover rate (times)	5.70	4.21	3.32	3.19	3.28	3.25
	Payable turnover ratio (times)	4.66	4.26	3.93	4.45	5.08	4.73
	Average days in sales	64	87	110	114	111	112
	Property, plant and equipment turnover ratio (times)	3.12	3.57	3.23	3.25	2.94	2.01
	Total assets turnover (times)	0.80	0.72	0.70	0.64	0.58	0.45
Profitability	Return on assets (%)	5.05	7.29	13.97	12.40	6.98	2.19
	Return on equity (%)	8.62	12.62	23.39	22.08	12.57	3.36
	Pre-tax income to paid-up capital (%)	18.52	30.82	67.56	86.06	57.51	18.57
	Net profit margin (%)	6.35	9.96	19.91	18.83	11.56	4.21
	Earnings per share (NT\$)	1.46	2.63	5.96	6.89	4.42	0.33
Cash flow	Cash flow ratio (%)	30.92	47.07	31.05	43.40	21.22	3.16
	Cash flow adequacy ratio (%)	122.49	116.22	75.51	84.46	66.12	66.28
	Cash reinvestment ratio (%)	11.64	12.87	8.01	8.04	0.29	1.64
Leverage ratios	Operating leverage ratios	9.00	5.25	4.20	6.5	2.85	13.10
	Financial leverage ratios	1.07	1.03	1.02	1.12	1.06	1.57
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)							
1. Decrease in Ratio of long-term capital to property, plant and equipment : Mainly due to the increase in property, plant and equipment.							
2. Decrease in Interest coverage ratio : Mainly due to the decrease in net profit before interest and tax.							
3. Increase in Average days of collection : Mainly due to the increase in average receivables balance.							
4. Decrease in Return on assets, Return on equity, Net profit margin, Earnings per share : Mainly due to the decrease in after tax net profit.							
5. Decrease in Cash flow ratio : Mainly due to the decrease in cash flows from operating activities.							
6. Decrease in Cash flow adequacy ratio : Mainly due to the increase in capital expenditure.							
7. Decrease in Cash flow reinvestment ratio : Mainly due to the decrease in cash flows from operating activities.							
8. Decrease in Degree of operating leverage : Mainly due to the decrease in operating income.							

Note 1 : The financial information for the past five fiscal years has been audited by the CPAs .

Note 2 : The quarterly information till the printing date of this annual report has been reviewed by CPA.

(II) International Financial Reporting Standards - Financial analysis (Individual)

Item \ Year		Financial analysis in the latest five years (Note 1)					As of March 31,2024 (Note 2)	
		2019	2020	2021	2022	2023		
Financial structure (%)	Debt to asset ratio	33.48	23.30	34.16	43.04	43.95	Not applicable (Note 2)	
	Ratio of long-term capital to property, plant and equipment	617.65	731.71	425.27	472.06	316.54		
Debt servicing capability (%)	Current ratio	146.21	250.00	217.01	255.13	203.13		
	Quick ratio	114.97	196.96	155.81	212.35	173.01		
	Interest Coverage ratio	127.69	213.58	272.41	42.77	21.70		
Operating efficiency	A/R turnover rate (times)	4.31	4.23	5.64	6.41	4.93		
	Average collection days	85	86	65	57	74		
	Inventory turnover rate (times)	6.82	2.99	2.87	3.64	3.99		
	Payable turnover ratio (times)	3.59	2.71	3.12	3.98	4.17		
	Average days in sales	54	122	127	100	91		
	Property, plant and equipment turnover ratio (times)	5.06	3.80	2.53	3.56	2.40		
	Total assets turnover (times)	0.58	0.40	0.45	0.48	0.47		
Profitability	Return on assets (%)	6.59	8.89	15.98	13.57	7.48		
	Return on equity (%)	9.34	12.20	22.62	21.89	12.63		
	Pre-tax income to paid-up capital (%)	18.43	27.09	13.85	15.64	39.45		
	Net profit margin (%)	10.47	18.66	30.60	23.70	14.71		
	Earnings per share (NT\$)	1.46	2.63	5.96	6.89	4.42		
Cash flow	Cash flow ratio (%)	46.71	58.16	13.13	53.92	38.94		
	Cash flow adequacy ratio (%)	147.88	93.51	51.63	71.63	66.54		
	Cash reinvestment ratio (%)	9.09	9.70	(1.00)	6.78	3.65		
Leverage ratios	Operating leverage ratios	2.93	3.92	4.05	4.78	2.35		
	Financial leverage ratios	1.01	1.01	1.02	1.14	1.07		
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)								
1. Decrease in The ratio of long-term capital to property, plant and equipment : Mainly due to the increase in property, plant and equipment.								
2. Decrease in Quick ratio : Mainly due to the decrease in current assets and increase in current liabilities.								
3. Decrease in Interest coverage ratio : Mainly due to the decrease in net profit before interest and tax.								
4. Decrease in Receivables turnover and Increase in Average days of collection : Mainly due to the increase in average receivables balance.								
5. Decrease in Property, plant and equipment turnover : Mainly due to the increase average net property, plant and equipment balance.								
6. Decrease in Return on assets : Mainly due to the decrease in after tax net profit and increase in Average total assets.								
7. Decrease in Return on equity : Mainly due to the decrease in after tax net profit and increase in Average total equity.								
8. Decrease in Net profit margin/ Earnings per share : Mainly due to the decrease in after tax net profit.								
9. Decrease in Return on assets : Mainly due to the decrease in Cash flow from operating activities and increase in current liabilities.								
10. Decrease in Cash flow reinvestment ratio : Mainly due to the decrease in Cash flow from operating activities and increase in Property, Plant and Equipment.								
11. Decrease in Degree of operating leverage : Mainly due to the decrease in operating income.								

Note 1 : The financial information for the past five fiscal years has been audited by the CPAs .

Note 2 : There is no parent company only financial information audited by the CPAs for 2024 as of March 31.

Note 3 : The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

(1) Debt to asset ratio = total liabilities / total assets

(2) The ratio of long-term capital to property, plant and equipment = (total equities + non current liabilities) / net amount of property, plant and equipment

2. Debt servicing capability

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets - inventory-prepayments) / current liabilities

(3)Interest coverage ratio = net profit before interest and tax / interest expenses for the current period

3.Operating capacity

(1)Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities)

(2)Average days of collection = 365 / Receivables turnover

(3)Inventory turnover = Cost of goods sold / Average inventory amount

(4)Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).

(5)Average days in sales = 365 / Inventory turnover

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

(7)Total assets turnover = Net sales / Average total assets

4.Profitability

(1)Return on assets = [Net Income or Loss + Interest expense $\times$ (1 - tax rate)] / Average total assets

(2)Return on equity = after tax net profit/ average total equity

(3)Net profit margin = after tax net profit/net sales

(4)Earnings per share = (attributable to the shareholder's profit and loss of the parent company) - Preferred dividends) / Weighted average number of shares issued

5.Cash flow

(1)Cash flow ratio = Cash flow from operating activities / current liabilities

(2)Cash flow adequacy ratio = net cash flow from operating activities in the latest five years / (capital expenditure inventory + increase + cash dividends) in the latest five years.

(3)Cash flow reinvestment ratio = (Cash flow from operating activities-Cash dividends) / (Property, Plant and Equipment + long term investments + Other non-current assets + working capital)

6.Degree of leverage

(1)Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating income.

(2)Degree of financial leverage = operating income / (operating income - interest expense).

III. Supervisors' or Audit Committee's report for the most recent year's financial statement

2023 annual business report, financial statements and earnings allocation proposal, etc., are prepared by the board of directors, among which the financial statements were audited by Accountants Lu, Li-Li and Wu, Lin of KPMG Taiwan and issued the audit report. The above business report, financial statement and earnings allocation proposal have been reviewed by us as Audit Committee of the Company and found to be consistent.

Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this review report for your consideration.

Submit to

2024 Annual Meeting of Shareholders, Auden Techno Corp.

Chairman of the Audit Committee: Chou, Chun-Hung

March 13th, 2024

IV. Financial statements for the most recent fiscal year : Please refer to Appendix I.

V. Financial statements of the parent company only for the most recent fiscal year audited by the CPA : Please refer to Appendix II.

VI. The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of the annual report : None.

Seven. Review and analysis of the financial status, financial performance, and risk management

I. The Company's financial status

Unit: In thousands of New Taiwan Dollar

Item \ Year	2022	2023	Differene	
			Amount	%
Current assets	2,280,255	2,188,583	(91,672)	(4.02)
Property, Plant and Equipment	498,054	713,473	215,419	43.25
Intangible assets	7,920	9,324	1,404	17.73
Other assets	264,736	227,550	(37,186)	(14.05)
Total assets	3,050,965	3,138,930	87,965	2.88
Current liabilities	778,167	805,071	26,904	3.46
Non-current liabilities	666,036	666,716	680	0.10
Total liabilities	1,444,203	1,471,787	27,584	1.91
Share capital	467,131	468,004	873	0.19
Capital surplus	476,307	505,922	29,615	6.22
Retained earnings	679,268	721,234	41,966	6.18
Other equity	(15,944)	(32,801)	(16,857)	(105.73)
Non-controlling interests	-	4,784	4,784	(100)
Total equity	1,606,762	1,667,143	60,381	3.76
Analysis and description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT\$10mn.				
1. Property, Plant and Equipment : Mainly due to the increase in Unfinished construction and equipment under acceptance.				
2. Other equity : Mainly due to the decrease in Exchange differences on translation of foreign financial statements.				

II. The Company's financial performance

(I) Operating results analysis

Unit: In thousands of New Taiwan Dollar

Item \ year	2022	2023	Differene	
			Amount	%
Operating Revenue	1,718,039	1,779,638	61,599	3.59
Operating Cost	1,024,215	1,001,578	(22,637)	(2.21)
Gross Profit	693,824	778,060	84,236	12.14
Operating Expense	597,897	550,824	(47,073)	(7.87)
Operating Income	95,927	227,236	131,309	136.88
Net income for the period from continuing operations	306,070	41,898	(264,172)	(86.31)
Income (loss) before income taxes	401,997	269,134	(132,863)	(33.05)
Net income (loss) for the period	323,589	205,759	(117,830)	(36.41)
Other comprehensive income (loss) for the period (net of Income Tax)	(2,191)	(9,669)	(7,478)	(341.31)
Total comprehensive income attributable to owners of parent	321,398	196,090	(125,308)	(38.99)
Analysis and description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT\$10mn.				
1. Operating Income Mainly due to the increase in Operating Revenue and decrease in Research and development expenses.				
2. Net income for the period from continuing operations : Mainly due to the decrease in Other gains and losses.				
3. Net income (loss) for the period/ Net income (loss) for the period/Total comprehensive income attributable to owners of parent : Mainly due to the decrease in Other gains and losses.				

(II) Sales volume forecast and the basis thereof for next year :

The company's Sales volume forecast is based on Marketing Environment, competitive analysis, developing new products, product modification, new products's sales forecast and the order which has been received. In the future, the company will continue to devote itself to product research and development, process improvement and customer expansion, in order to meet the needs of the market for product quality, cost, delivery and service, and strive for better performance.

(III) The impact on the company's future financial business and the response plan

Item	Sales	Financial
Research and development	To meet the needs of market product demand	Increase the equipment which needs of markert demand
Sales	Increase the business scale and improve customer stability	None
Production	Increase product quality and production Stability	Increase the cost of automation equipment

III. Cash flows

Cash liquidity analysis for the coming year :

Unit: In thousands of New Taiwan Dollar

Beginning Cash Balance	Net cash flow from operating activities	Net cash flow from non-operating activities	Net cash flow from financing activities for the year	The effect of exchange rate	The amount of cash left over
1,411,209	170,817	(307,429)	(117,831)	10	1,156,776

(I) Analysis of changes in cash flow in the coming year (2023):

Business activity : This is mainly due to continued cash inflows from operating earnings in 2023.

Investment activity : Mainly due to the disposal of subsidiaries in 2023.

Financing activities : Mainly due to the issuance of corporate bonds in 2023.

(II) Improvement plans for cash shortfalls: Not applicable.

(III) Cash flow analysis for the coming year :

On the premise of maintaining a stable cash liquidity, the Company will carefully plan and manage all cash expenditures related to investments and operations based on the balance of cash on the books and the cash flows from operating and investing activities, taking into account the financial market conditions.

IV. Major capital spending on financial position and business operations :

(I) The utilization and funding sources of significant capital expenditures in the most recent year

Unit: In thousands of New Taiwan Dollar

Item	Actual source of funds	Estimated completion date	Cumulative total expenditure	Actual use of funds		
				2023Q2	2023Q3	2023Q4
Building and operating headquarters	Bank lending, issuance of corporate bonds, investment of operating income	2025	158,805	72,450	53,850	32,505

(II) Benefits are expected

It is expected to save rent, concentrate resources to improve management efficiency, improve staff working environment and other benefits, but also increase the flexibility of space autonomous use, enhance staff centripetal force and the overall corporate image.

V. Investment policy in the most recent fiscal year

The company's reinvestment policy is in line with the company's business development strategy and operational needs. The main reinvestment scope is related to the product field. The investment benefit listed in the equity method in the company's 2023 individual financial report is NTD33,473 thousand. In the future, we will continue to focus on strategic investments related to the industry and continue to carefully evaluate our reinvestment plans.

VI. Risk management issues

(I) Impact of changes in interest rates and exchange rates, and inflation on the Company's profit, and future response measures

1. Interest rate changes on the company's profit and loss impact and future measures

Unit: In thousands of New Taiwan Dollar

Item \ Year	2022	2023	2024 Q1
Net interest collection (disbursement)	(6,396)	(3,644)	(1,974)

Operating income	1,718,039	1,779,638	367,329
As a percentage of revenue	0.37%	0.20%	0.54%

The net interest income (expenditure) of the company in 2022 and 2023 will be expenditure NTD(6,396) thousand and expenditure NTD (3,644) thousand respectively, accounting for 0.37% and 0.2% of the net operating income respectively. The impact is small, so the change of interest rate has no significant impact on the company.

Response measures :

In response to the continuous growth of the global wireless communication industry, the company will, depending on the actual operating conditions, not only raise funds in the capital market, but also maintain a good cooperative relationship with financial institutions, in order to obtain more favorable financing rates, and pay attention to the changes of interest rates in the financial markets of various countries to adopt lower-cost bank loan programs. Reduce the impact of interest rate fluctuations on the business condition of the company.

2. The impact of exchange rate fluctuations on the company's profit and loss and future countermeasures :

- (1) The company's foreign currency quotation is based on US dollar and RMB, and the amount payable against each other can produce a certain natural hedging effect.
- (2) Daily monitoring of market, exchange rate and interest rate information, review as necessary according to market conditions and risk aversion costs, report to senior management in case of emergency and take timely measures.
- (3) The Company periodically reviews and evaluates bank interest rates to reduce the impact of interest rate changes on profit and loss.

Response measures :

- (1) To manage foreign exchange positions, a foreign currency deposit account is set up. Special staff of the Finance Department will rely on the daily foreign currency balance and weekly fund estimates, follow the international political and economic developments, and keep in touch with financial institutions to collect real-time exchange rate information and fully grasp the exchange rate trends. In addition to keeping foreign currency positions for foreign currency fund needs, foreign currency positions will be sold when appropriate to reduce exchange risks.
- (2) The business department considers the impact of exchange rate fluctuation on the sales price, measures the exchange rate fluctuation and adjusts the product price to protect the reasonable profit of the company.
- (3) As the company mainly sells abroad, in order to reduce the impact of exchange rate fluctuations, the company directly uses the foreign currency generated by the sales to repay the foreign currency payment for the purchase of raw materials or commodities to achieve the effect of natural hedging.
- (4) Adjust the foreign currency deposit position in accordance with the exchange rate changes, if necessary, in accordance with the Company's "Assets Acquisition or disposal procedures", and the authority and responsibility supervisor to take appropriate hedging measures.

In summary, the hedging measures taken by the Company in response to exchange rate fluctuations are appropriate and should moderately reduce the risk of exchange rate fluctuations.

3. The impact of inflation on corporate profit and loss and future countermeasures

In the past, the company's operating performance has not been significantly affected by inflation. In the future, we will pay close attention to market price fluctuations. If the purchasing cost is affected by inflation, we will carry out cost control plans and adjust purchasing strategies when necessary, so as to reduce the impact of inflation on the company's operation.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

1. The Company has not engaged in high risk, high leverage and other investment transactions in the most recent year and as of the date of publication of the annual report.
2. The Company is concerned with the financing of loans to others, endorsement guarantees and derivatives transactions, There are "Management of Loans to Others", "Operating Procedures of

Endorsement/Guarantees" and "Procedures for Financial services" "Derivatives Transactions" as the basis for related behaviors, so the related risks are limited.

(III) Future R&D projects and expected R&D expenses:

The main products of our company are RF antennas used in wireless transmission. With the advent of 5G era, our future research and development direction will focus on various high-frequency array antenna modules, and with the development trend of future products, continue to provide customers with high-quality product solutions.

In the most recent year and up to the publication date of the annual report, R&D expenses accounted for 9.75% and 12.49% of the operating revenue in 2021 and 2022, respectively. In the future, we will continue to actively develop technologies and continuously invest R&D resources and talents to maintain the competitiveness of the product market.

(IV) Major changes in government policies and laws at home and broad and the impact on the Group's financial position and business activities:

The company operates in accordance with relevant laws and regulations at home and abroad, and relevant units will always pay attention to important domestic and foreign policy and legal changes, so as to promptly respond to changes in the market environment, and take appropriate measures to ensure the smooth operation of the company. In the most recent year of the Company and as of the publication date of the annual report, there have been no significant policy or legal changes that have had a material impact on the financial operations of the Company.

(V) Impacts of technological changes (including information security risks) and industry changes on company financials and response measures:

The management team of the company always pays attention to the industrial technology, product and market development, continuously develops new products to meet the market demand, and timely adjusts the company's business strategy to maintain the flexibility of operation to face the future changes in the scientific and technological environment. The most recent year and as of the publication date of the annual report, There is no significant impact on the financial business of the Company due to technological changes and industrial changes. In order to strengthen information security management, ensure the security of data, systems, equipment and network, the company formulates information security policies, and continuously invests in security and protection work. The company arranges and implements the budget of security related equipment and system every year to face the future and possible technological changes/security risks, and:

1. Join TWCERT/CC and subscribe SOC notification, receive domestic/foreign security events and equipment/system vulnerability information in the first time, so as to deal with update work in time.
2. Through the introduction of ISO 27001 process, the implementation of PDCA, information asset inventory and risk assessment, risk reassessment tracking, BCP, BIA and other risk control measures to reduce possible risks.
3. Establish cross-departmental ISMS team, participate in ISO 27001 introduction process and various information safety education and training, strengthen personnel information safety protection knowledge, concept and technology.

In the most recent year and as of the publication date of the annual report, there are no major safety events. ISO 27001 certification is expected in 2023.

(VI) Impact of corporate image change on risk management and response measures: None.

(VII) Expected benefits and potential risks of merger and acquisition: None.

(VIII) Expected benefits and potential risks of capacity expansion:

1. Expected benefits of building an operational headquarters :

Due to the growing operation scale of the company and the continuous research and development needs of the industry, the original office space is no longer sufficient. The company will use its own land to build an office building with seven floors above ground and three floors below ground for operation expansion and corporate headquarters. It is expected to save rent, concentrate resources to improve management efficiency, improve

staff working environment and other benefits, but also increase the flexibility of independent use of space, improve staff centripetal force and the overall corporate image.

2. Possible of risk :

The company's industry is still in the growth stage, and the construction and operation of the headquarters is necessary for the operation. The possible risks are limited. However, if the company's expansion progress is not as expected, the office space may be left idle, which will increase the extra maintenance costs.

3. Response measures :

The Company will closely monitor the industrial market dynamics. If the expansion plan is not as expected, the idle space of the planned operation headquarters will be rented out or planned for storage space, and the Company shall not have major risks in the construction of the operation headquarters.

(IX) Risks associated with over-concentration in purchase or sale and response measures:

1. Purchasing :

Our purchase mainly comes from the purchase of commodities. The commodities are mainly from the measuring equipment of radio wave energy absorption produced by Company A, our main agent, whose products are currently the main flow measuring equipment of electromagnetic wave in the world. In the future, we will continue to strengthen and deepen the cooperation relationship between the two parties to ensure the smooth delivery of products. The rest of the purchase is mainly from excellent suppliers with long-term cooperation, stable quality and normal delivery time. The company also keeps a good relationship with domestic and foreign suppliers in peacetime, in order to reduce the possible risks caused by concentrated purchase.

2. Sales :

According to different products, the company's main business revenue can be divided into three types: radio-frequency antenna, electronic product testing and certification and measurement equipment. The terminal products are widely used, and the customers are all over Asia and America and other regions of the electronics industry, automobile industry and medical industry OEM, brand factory and measurement and certification laboratory. The percentage of sales to a single customer for the most recent year of the annual report is not more than 20% and there is no risk of concentration of sales.

(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures : None.

(XI) The effects that changes in management has on the Company as well as risk and responding measures: : None.

(XII) For litigious or non-litigious matters, state the major litigation, non-litigation or administrative litigation proceedings that has been determined or is still in litigation of the company and the company's directors, supervisors, presidents, de facto responsible person, major shareholders with more than 10% shares, and subordinate companies. If the result may have material impacts on shareholders' equity or stock price, disclose the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the handling as of the printing date of the annual report: : None.

(XIII) Other major risks and response measures : None.

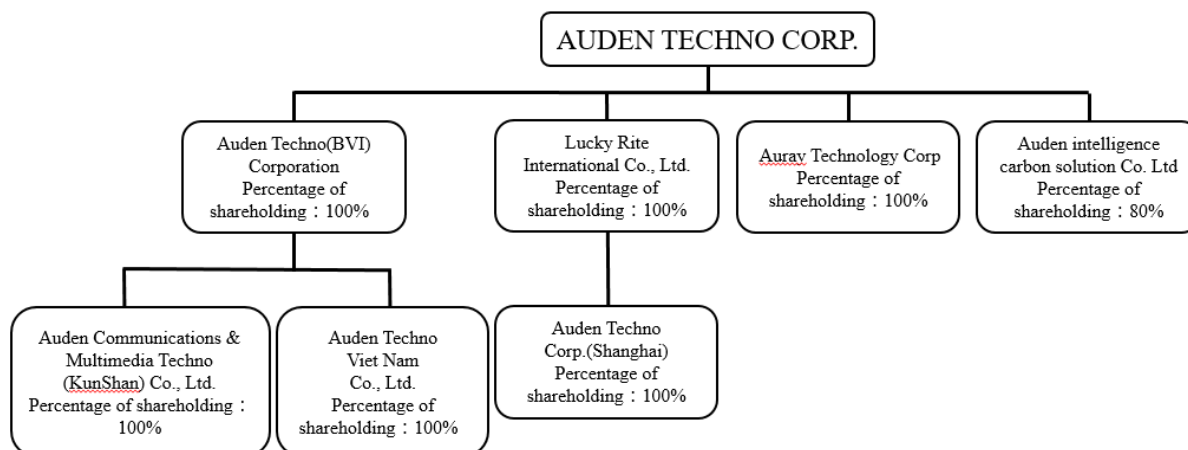
VII. Other important matters : None.

Eight. Important notice

I. Information on affiliates

(I) Organizational Chart of Affiliates

Dec.31,2023



(II) Basic information of each affiliate

2023/12/31 Unit: In thousands of New Taiwan Dollar

Enterprise name	Date of incorporation	Address	Paid-in capital	Principal business or running items
Auden Techno(BVI) Corporation	2001/04	P.O. Box 3321, Road Town, Tortola, British Virgin Islands	113,861	Investment holding company
Lucky Rite International Co., Ltd.	2003/11	Suite802,StJamesCoure, St Denits Street, Port Louis, Mauritius.	62,117	Investment holding company
Auray Technology Corp.	2021/03	7 F.-1, No. 286, Sec. 1, Gaotiezhanqian W. Rd., Zhongli Dist., Taoyuan City 320016, Taiwan (R.O.C.)	100,000	Open wireless access network (O-RAN) Test service
Auden intelligence carbon solution Co.. Ltd.	2022/08	No. 19, Ln. 772, Heping Rd., Bade Dist., Taoyuan City 334, Taiwan (R.O.C.)	30,000	Carbon reduction consulting and counseling improvement
Auden Communications & Multimedia Techno(KunShan)Co., Ltd.	200109	No. 15, Yingbin Road, Zhoushi Town, Kunshan City, Jiangsu Province	76,763	Manufacturing and marketing of various antennas and other optical devices and instruments
Auden Techno Corp.(Shanghai)	2009/08	Room 101-18, Building 6, 690 Bibo Road, China (Shanghai) pilot free trade zone	46,058	Measuring equipment agent sales business
Auden Techno Viet Nam Co., Ltd.	2023/01	Nhà xưởng B3 (nhà xưởng kí hiệu là B3-6), lô 5, khu công nghiệp Cẩm Điện Lương Điện, xã Cẩm Điện, huyện Cẩm Giàng, tỉnh Hải Dương, Việt Nam.	61,856	Production and OEM of antenna products

(III) Information on the same shareholder deemed as controlling or in a parent-subsidiary relationship: None.

(IV) The industries in which the affiliates operate and the linkage between the affiliates

Name of affiliates	Corporate positioning strategy	Major business or production projects	Relationship of Business relevance between enterprises	Target of sale
Auden Techno(BVI) Corporation	Investment holding company	Investment holding	-	-
Lucky Rite International Co., Ltd.	Investment holding company	Investment holding	-	-
Auray Technology Corp.	Test service	Communication product measurement business and related technical consulting services	Communication product measurement business and related technical consulting services	Telecommunications and electronics industry in Taiwan
Auden intelligence carbon solution Co., Ltd.	Carbon reduction consulting and counseling improvement	Carbon reduction consulting and counseling improvement	Carbon reduction consulting and counseling improvement	Enterprises in Taiwan
Auden Communications & Multimedia Techno(KunShan)Co., Ltd.	Manufacturing company	Wireless communication product	Antenna product production and OEM	Telecommunications and electronics industry in China
Auden Techno Corp.(Shanghai)	Equipment import and export transaction	Measuring equipment agent sales business	Measuring equipment agent sales business	Telecommunications and electronics industry in China
Auden Techno Viet Nam Co., Ltd.	Manufacturing company	Wireless communication product	Antenna product production and OEM	Telecommunications and electronics industry in VietNam

(V) Information of directors, supervisors, and presidents of affiliates

Dec.31,2023

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
Auden Techno (BVI) Corporation	Director	Chang, Yu-Pin	Amount of contribution US\$3,399 thousand	100
Lucky Rite International Co., Ltd.	Director	Chang, Yu-Pin	Amount of contribution US\$1,998 thousand	100
Auray Technology Corp.	Chairman / President	Chang, Yu-Pin	Amount of contribution NT\$100,000 thousand	100
Auden intelligence carbon solution Co., Ltd.	Chairman / President	Chang, Yu-Pin	Amount of contribution NT\$24,000 thousand	80
Auden Communications & Multimedia Techno(KunShan)Co., Ltd.	Chairman / President Director Director supervisors	Chang, Yu-Pin Yeh, Ming-Tarn Tang, Chia-Lun Wen, Wen- Sheng	Amount of contribution US\$2,500 thousand	100
Auden Techno Corp.(Shanghai)	Chairman supervisors President	Yeh, Ming-Tarn Wen, Wen- Sheng Hsu, Ching-Yi	Amount of contribution US\$1,500 thousand	100
Auden Techno Viet Nam Co., Ltd.	Chairman	Chang, Yu-Pin	Amount of contribution US\$2,000 thousand	100

(VI) Operation summary of affiliates

2023/12/31 Unit: In thousands of New Taiwan Dollar

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Revenue	Operating income (loss)	Earnings in current period (after tax)	EPS (dollar)(after tax)
Auray Technology Corp.	100,000	114,455	23,595	90,860	41,960	(16,195)	(5,761)	NA
Auden intelligence carbon solution Co., Ltd.	30,000	25,936	2,017	23,919	962	(6,489)	(6,417)	NA
Auden Communications & Multimedia Techno(KunShan) Co., Ltd.	76,763	596,871	265,987	330,884	641,482	53,089	47,470	NA
Auden Techno Corp.(Shanghai)	46,058	133,420	47,980	85,440	238,442	22,073	16,593	NA
Auden Techno(BVI) Corporation	113,861	565,117	0	565,117	0	(229)	29,434	NA
Lucky Rite International Co., Ltd.	62,117	177,352	0	177,352	0	(318)	14,925	NA
Auden Techno Viet Nam Co., Ltd.	61,856	61,305	15,930	45,375	645	(14,651)	(13,868)	NA

(VII) Consolidated financial statement of affiliated enterprises:

2023 (2023/01/01-2023/12/31) The subsidiaries of the company that should be included in the preparation of the consolidated financial statements of relational enterprises according to the "Standards for the preparation of Consolidated Financial Statements of Relational Enterprises and Relational Reports" in the Republic of China are the same as the companies that should be included in the preparation of the consolidated financial reports of the parent-subsidiary companies according to International Financial Reporting Standards No. 27. Moreover, the disclosure of related information in the consolidated financial statements of relational enterprises has been disclosed in the consolidated financial reports of parent-subsidiary companies previously, so the Yuan will no longer compile the consolidated financial statements of relational enterprises separately.

(VIII) Affiliation report: None.

II. Private placement of securities in the most recent year up to the publication date of this annual report : None.**III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the recent fiscal year up to the date of printing of the annual report : None.****IV. Other matters that require additional description : None.****V. Events that caused significant influence on shareholders' equity or stock price pursuant to Subparagraph II, Paragraph I, Article 36 of the Securities and Exchanges Act in the most recent year to the date the annual report was printed : None.**

Appendix I

2023 Consolidated financial statements and independent auditors' report



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Auden Techno Corp.:

Opinion

We have audited the consolidated financial statements of Auden Techno Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Please refer to notes 4(o) and 6(t) for the related disclosures on the revenue recognition of the consolidated financial statements.

Description of key audit matter

The Sales revenue of the Group is a key indicator for management to evaluate financial or business performance. and is highly expected by the investors. Therefore, the revenue recognition has been identified as a key audit matter.

**How the matter was addressed in our audit:**

Our audit procedures include testing the effectiveness of the design and implementation of the internal controls in relation to revenue recognition and cash collection, conducting trend analysis for the top ten customers by comparing the changes or differences to evaluate if there is any significant irregularity, performing random sample checking on the sales transactions to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording, and reviewing samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our 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.

The engagement partners on the audit resulting in this independent auditors' report are Lu, Lily and Wu, Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2023		December 31, 2022			Liabilities and Equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 1,156,776	37	1,411,209	46	2100	Short-term loans (note 6(k))	50,000	2	-	-
1150	Notes receivable, net (notes 6(c) and (t))	48,161	2	23,863	1	2150	Notes payable	50,851	2	38,092	1
1170	Accounts receivable, net (notes 6(c) and (t))	463,983	15	326,811	11	2170	Accounts payable	148,992	5	156,494	5
1200	Other receivables (notes 6(d) and (f))	27,078	1	110,452	4	2200	Other payables (note 6(u))	350,528	11	285,575	10
1220	Current income tax assets	126	-	129	-	2230	Current tax liabilities (note 6(f))	20,235	1	70,307	2
130X	Inventories (note 6(e))	285,044	9	325,986	11	2280	Current lease liabilities (notes 6(n) and 7)	10,249	-	6,800	-
1410	Prepayments	39,984	1	30,593	1	2320	Long-term borrowing, current portion (note 6(l))	5,588	-	-	-
1476	Other financial assets—current (notes 6(j) and 8)	164,720	5	48,919	1	2399	Other current liabilities (notes 6(q) and (t))	168,628	5	220,899	7
1479	Other current assets	2,711	-	2,293	-		Total current liabilities	805,071	26	778,167	25
	Total current assets	2,188,583	70	2,280,255	75	25xx	Non-Current liabilities:				
15xx	Non-current assets:					2530	Bonds payable (note 6(m))	395,662	13	391,559	13
1510	Non-current financial assets at fair value through profit or loss (note 6(m))	-	-	80	-	2540	Long-term borrowings (notes 6(l) and 8)	184,412	6	190,000	6
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(b))	86,172	3	84,158	3	2570	Deferred tax liabilities (note 6(p))	71,861	2	72,132	3
1600	Property, plant and equipment (notes 6(g) and 8)	713,473	23	498,054	16	2580	Non-current lease liabilities (notes 6(n) and 7)	12,869	-	11,558	-
1755	Right-of-use assets (notes 6(h) and 7)	24,507	1	19,940	1	2640	Non-current net defined benefit liability (note 6(o))	1,782	-	657	-
1760	Investment property (note 6(i))	5,211	-	5,351	-	2645	Guarantee deposits	130	-	130	-
1780	Intangible assets	9,324	-	7,920	-		Total non-current liabilities	666,716	21	666,036	22
1840	Deferred tax assets (note 6(p))	18,905	-	39,325	1	2xxx	Total liabilities	1,471,787	47	1,444,203	47
1980	Other financial assets—non-current (notes 6(j), (m) and 8)	85,578	3	108,025	4	31xx	Equity attributable to owners of parent (notes 6(m), (q) and (r)):				
1990	Other non-current assets—others	7,177	-	7,857	-	3110	Ordinary shares	468,004	15	467,131	16
	Total non-current assets	950,347	30	770,710	25	3200	Capital surplus	505,922	16	476,307	16
						3300	Retained earnings	721,234	23	679,268	22
						3400	Other equity interest	(32,801)	(1)	(15,944)	(1)
							Total equity attributable to owners of parent	1,662,359	53	1,606,762	53
						36xx	Non-controlling interests	4,784	-	-	-
						3xxx	Total equity	1,667,143	53	1,606,762	53
1xxx	Total assets	\$ 3,138,930	100	3,050,965	100	2-3xxx	Total liabilities and equity	\$ 3,138,930	100	3,050,965	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(t))	\$ 1,779,638	100	1,718,039	100
5000	Operating costs (note 6(e))	<u>1,001,578</u>	<u>56</u>	<u>1,024,215</u>	<u>60</u>
5900	Gross profit	<u>778,060</u>	<u>44</u>	<u>693,824</u>	<u>40</u>
6000	Operating expenses (notes 6(c), (o), (r), (u) and 7):				
6100	Selling expenses	183,645	11	188,023	11
6200	Administrative expenses	180,834	10	193,432	11
6300	Research and development expenses	185,488	10	214,649	12
6450	Expected credit losses	<u>857</u>	<u>-</u>	<u>1,793</u>	<u>-</u>
	Total operating expenses	<u>550,824</u>	<u>31</u>	<u>597,897</u>	<u>34</u>
6900	Net operating income	<u>227,236</u>	<u>13</u>	<u>95,927</u>	<u>6</u>
7000	Non-operating income and expenses (notes 6(m), (n), (v) and 7):				
7100	Interest income	9,095	-	3,707	-
7010	Other income	46,174	3	68,180	4
7020	Other gains and losses	(632)	-	244,286	14
7050	Finance costs	<u>(12,739)</u>	<u>(1)</u>	<u>(10,103)</u>	<u>-</u>
	Total non-operating income and expenses	<u>41,898</u>	<u>2</u>	<u>306,070</u>	<u>18</u>
7900	Income before income tax	269,134	15	401,997	24
7950	Less: Income tax expenses (note 6(p))	<u>63,375</u>	<u>3</u>	<u>78,408</u>	<u>5</u>
8200	Net income	<u>205,759</u>	<u>12</u>	<u>323,589</u>	<u>19</u>
8300	Other comprehensive income (note (q)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(1,190)	-	355	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,014	-	(23,030)	(1)
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(238)</u>	<u>-</u>	<u>71</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>62</u>	<u>-</u>	<u>(22,746)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Foreign currency translation differences for foreign operations	(9,731)	(1)	24,643	1
8399	Less: income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>4,088</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>(9,731)</u>	<u>(1)</u>	<u>20,555</u>	<u>1</u>
8300	Other comprehensive income (loss), net of tax	<u>(9,669)</u>	<u>(1)</u>	<u>(2,191)</u>	<u>-</u>
8500	Total comprehensive income (loss)	<u>\$ 196,090</u>	<u>11</u>	<u>321,398</u>	<u>19</u>
	Profit attributable to:				
8610	Owners of parent	\$ 206,407	12	320,777	19
8620	Non-controlling interests	<u>(648)</u>	<u>-</u>	<u>2,812</u>	<u>-</u>
		<u>\$ 205,759</u>	<u>12</u>	<u>323,589</u>	<u>19</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 196,738	11	317,838	19
8720	Non-controlling interests	<u>(648)</u>	<u>-</u>	<u>3,560</u>	<u>-</u>
		<u>\$ 196,090</u>	<u>11</u>	<u>321,398</u>	<u>19</u>
	Earnings per share (expressed in New Taiwan dollars) (note 6(s))				
9750	Basic earnings per share	<u>\$ 4.42</u>		<u>6.89</u>	
9850	Diluted earnings per share	<u>\$ 4.41</u>		<u>6.78</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of parent						Other equity interest						
	Ordinary shares	Capital surplus	Retained earnings			Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Others	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings								
Balance at January 1, 2022	\$ 467,217	384,651	47,234	28,767	422,371	498,372	(43,114)	32,252	(15,069)	(25,931)	1,324,309	51,538	1,375,847
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	27,702	-	(27,702)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(140,165)	(140,165)	-	-	-	-	(140,165)	-	(140,165)
Share option — equity components recognized for convertible bonds issued (preference share)	-	93,058	-	-	-	-	-	-	-	-	93,058	-	93,058
Net income for the year	-	-	-	-	320,777	320,777	-	-	-	-	320,777	2,812	323,589
Other comprehensive income (loss) for the year	-	-	-	-	284	284	19,807	(23,030)	-	(3,223)	(2,939)	748	(2,191)
Total comprehensive income (loss) for the year	-	-	-	-	321,061	321,061	19,807	(23,030)	-	(3,223)	317,838	3,560	321,398
Restricted stock to employee adjustments	(86)	(1,402)	-	-	-	-	-	-	1,488	1,488	-	-	-
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(55,098)	(55,098)
Share-based payment	-	-	-	-	-	-	-	-	11,722	11,722	11,722	-	11,722
Balance at December 31, 2022	467,131	476,307	74,936	28,767	575,565	679,268	(23,307)	9,222	(1,859)	(15,944)	1,606,762	-	1,606,762
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	32,106	-	(32,106)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(163,489)	(163,489)	-	-	-	-	(163,489)	-	(163,489)
Net income for the year	-	-	-	-	206,407	206,407	-	-	-	-	206,407	(648)	205,759
Other comprehensive income (loss) for the year	-	-	-	-	(952)	(952)	(9,731)	1,014	-	(8,717)	(9,669)	-	(9,669)
Total comprehensive income (loss) for the year	-	-	-	-	205,455	205,455	(9,731)	1,014	-	(8,717)	196,738	(648)	196,090
Restricted stock to employee adjustments	873	11,022	-	-	-	-	-	-	(11,895)	(11,895)	-	-	-
Share-based payment	-	17,927	-	-	-	-	-	-	3,755	3,755	21,682	98	21,780
Changes in non-controlling interests	-	666	-	-	-	-	-	-	-	-	666	5,334	6,000
Balance at December 31, 2023	<u>\$ 468,004</u>	<u>505,922</u>	<u>107,042</u>	<u>28,767</u>	<u>585,425</u>	<u>721,234</u>	<u>(33,038)</u>	<u>10,236</u>	<u>(9,999)</u>	<u>(32,801)</u>	<u>1,662,359</u>	<u>4,784</u>	<u>1,667,143</u>

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	\$ 269,134	401,997
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	49,690	74,021
Amortization expense	5,891	4,768
Expected credit losses	857	1,793
Net loss on financial assets or liabilities at fair value through profit or loss	80	1,560
Interest expense	12,739	10,103
Interest income	(9,095)	(3,707)
Dividend income	(2,447)	(1,904)
Share-based payments	21,780	11,722
Loss (gain) on disposal of property, plant and equipment	(1,228)	39
Unrealized losses (gains) on foreign exchange	10,492	(248)
Gain on disposal of subsidiaries	-	(194,179)
Total adjustments to reconcile profit and loss	88,759	(96,032)
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	(25,132)	17,886
Accounts receivable	(152,021)	(95,393)
Other receivables	12,440	13,848
Inventories	38,914	(9,709)
Prepayments	(9,969)	7,184
Other current assets	(418)	(1,906)
Total net changes in operating assets	(136,186)	(68,090)
Net changes in operating liabilities:		
Notes payable	13,669	(7,081)
Accounts payable	(5,626)	(63,093)
Other payables	83,172	80,366
Other current liabilities	(51,823)	114,396
Net defined benefit liability	(65)	(61)
Total net changes in operating liabilities	39,327	124,527
Total net changes in operating assets and liabilities	(96,859)	56,437
Total adjustments	(8,100)	(39,595)
Cash inflow generated from operations	261,034	362,402
Interest received	9,095	3,707
Dividends received	2,447	1,904
Interest paid	(8,702)	(6,231)
Income taxes paid	(93,057)	(24,044)
Net cash flows from operating activities	170,817	337,738
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,000)	(35,862)
Disposal of subsidiaries (net of cash decreased)	71,965	294,462
Acquisition of property, plant and equipment	(270,635)	(95,630)
Proceeds from disposal of property, plant and equipment	1,738	51
Acquisition of intangible assets	(7,309)	(4,140)
Increase in other financial assets	(101,828)	(70,988)
Decrease (Increase) in other non-current assets	2,525	(3,773)
Increase in prepayment for equipment	(2,885)	(7,308)
Net cash flows from (used in) investing activities	(307,429)	76,812
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	100,441	-
Decrease in short-term loans	(50,441)	-
Proceeds from issuing bonds	-	479,105
Payment of lease liabilities	(10,342)	(14,174)
Cash dividends paid	(163,489)	(140,165)
Change in non-controlling interests	6,000	-
Net cash flows from (used in) financing activities	(117,831)	324,766
Effect of exchange rate changes on cash and cash equivalents	10	4,131
Net increase (decrease) in cash and cash equivalents	(254,433)	743,447
Cash and cash equivalents at beginning of period	1,411,209	667,762
Cash and cash equivalents at end of period	\$ 1,156,776	1,411,209

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Company history

Auden Techno Corp. (hereinafter referred to as the "Company") is established on February 1990 in accordance to ROC Company Act. The shares of the Company were listed and sold on the Taiwan Stock Exchange on December 11, 2020. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the design and manufacture of wired and wireless antennas, the performance verification and testing of communications products and the trading agent of precision instrument.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 13, 2024.

(3) Application of new and revised standards, amendments and interpretations:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below. Except for those specially indicated, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as "IFRS endorsed by the FSC").

- (b) Basis of preparation

- (i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis, except as otherwise specified in the notes to accounting policies.

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

- (c) Basis of consolidation

- (i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Group and subsidiaries. Subsidiaries are entities controlled by the Group.

AUDEN TECHNO CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The consolidated financial statements comprise the Group and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Changes in The Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of Subsidiary	Principal activity	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
The Company	LUCKY RITE INTERNATIONAL CO., LTD. (LUCKY)	Investment Holding (investee)	100.00 %	100.00 %	
The Company	AUDEN TECHNO (BVI) CORPORATION (AUDEN BVI)	Investment Holding (investee)	100.00 %	100.00 %	
The Company	Auray Technology Corp.	Tests of communication products, information security and relevant consultation services	100.00 %	100.00 %	Note 1
The Company	Auden Intelligence Carbon Solution Co. Ltd.	Carbon reduction consultation , Assistance and assistance business	80.00 %	100.00 %	Note 2
LUCKY	Auden Techno Corp. (Shanghai)	Sales of instruments	100.00 %	100.00 %	
LUCKY	TA Technology(Shanghai) Co.,Ltd	Tests of communication products, information security and relevant consultation services	- %	- %	Note 3
AUDEN BVI	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Manufacture and sale of antennas and other optical instruments	100.00 %	100.00 %	
AUDEN BVI	TA Technology(Shanghai) Co.,Ltd	Tests of communication products, information security and relevant consultation services	- %	- %	Note 3
AUDEN BVI	AUDEN TECHNO VIETNAM CO., LTD.	Manufacture and sale of antennas and other optical instruments	100.00 %	- %	Note 4

Note 1 : The Company's subsidiary, Auray Technology Corp, conducted a cash capital increase by issuing new shares, with the amount of \$40,000 and a base date set on January 12, 2023, based on a resolution approved during the board meeting held on November 8, 2022, wherein the Company participated and subscribed the entire shares. All related registration procedures had been completed on February 1, 2023.

Note 2 : In August 2022, the Group established an additional with a share capital of \$10,000 thousand, representing a shareholding of 100% of Auden Intelligence Carbon Solution Co. Ltd.. In September 2023, Auden Intelligence Carbon Solution Co. Ltd. handled a cash capital increase and issued 200 thousand new shares, with a capital increase of \$20,000 thousand, and the group increased its capital by \$14,000 thousand, and adjusted the subscribed capital reserve of 666 thousand. Decrease in shareholdings to 80 percent due to non-reorganization of the full shareholding ratio.

Note 3 : The Group disposed of 54.52% and 20% of equity interests in TA Technology(Shanghai) Co.,Ltd held by AUDEN BVI and Lucky, respectively on December 16, 2022, representing a total of 74.52%. Please refer to note 6(f) for details.

Note 4 : In January 2023, the Group established an additional share capital of US \$20,000 thousand, representing a shareholding of 100.00%, of AUDEN TECHNO VIETNAM CO., LTD.

(iii) List of subsidiaries excluded in the consolidated financial statements: None

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. The resulting exchange differences are included in profit or loss for the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising items from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income and presented in the translation reserve in equity.

(e) Assets and liabilities classified as current and non-current

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) It is expected to be realized within twelve months after the reporting date; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits are classified as cash and cash equivalents only when they meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial assets

All regular way purchases or sales of financial assets classified as the same categories are recognized and derecognized on a trade date basis.

The Group classifies financial assets into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial assets measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument by instrument basis.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Impairment of financial assets

The Group assessed against expected credit loss of impairment loss on financial assets measured at amortized cost

Loss allowance for notes and accounts receivable and contract assets is always measured at an amount of lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information (available without excessive costs or inputs). This includes both quantitative and qualitative information, as well as an analysis, based on the Group's historical experience, credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost is measured by using the 12-month ECL, in which the credit risk did not increase significantly since the initial recognition. If, on the other hand, there has been a significant increase in credit risk since the initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of a financial liabilities and equity instruments.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

the Group derecognizes a financial liability when its contractual obligation has been discharged or canceled or expire.

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

6) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition. Fixed manufacturing overhead is allocated to finished products and work in process based on normal capacity.

Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Non-current assets held for sale

Noncurrent assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less costs to sell. When right-of-use asset, intangible assets and property, plant and equipment are classified as held for sale, they are no longer amortized or depreciated.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

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Rental income from investment property is recognized as other revenue on a straight line basis over the term of the lease. Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

When property, plant and equipment comprise different components, and the total cost of the item is significant and a different depreciation rate or depreciation method is more appropriate, the item is treated as a separate item (major component) of property, plant and equipment.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent cost is capitalized only when it is probable that the future economic benefits associated with the cost will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

1) Buildings	25~50 years
2) Machinery and equipment	2~10 years
3) Other equipment	2~26 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in accounting estimate.

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(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(l) Lease

(i) Identifying a lease

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

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of the lease payments outstanding at the beginning of the lease using the discounted incremental borrowing rate. Interest is subsequently charged using the effective interest method and are measured when there are changes in the lease payments and the lease period, and the carrying amount of the right-to-use assets is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. Lease income from operating lease is recognized in income on a straight-line basis over the lease term.

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(m) Intangible assets

(i) Software and patents

Software and patents that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized in profit or loss on a straight line basis of three to six years over the Group's intangible assets, from the date that they are available for use.

(ii) Goodwill

Goodwill arising from the Group is measured at cost by the amount of goodwill recognized at the acquisition date and is subsequently measured at cost less accumulated impairment. The impairment test should allocate to cash generating unit or groups of cash generating unit. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The impairment loss recognized on goodwill is not reversed in a subsequent period.

(n) Impairment — non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Group assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred and estimates the recoverable amount of assets with an indication of impairment. If it is not possible to estimate the recoverable amount of an individual asset, then the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs for the purpose of assessing impairment.

Goodwill is tested for impairment on an annual basis, regardless of whether there is any indication of impairment.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to its recoverable amount and an impairment loss shall be recognized. An impairment loss shall be recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for non-financial assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had no impairment loss been recognized in prior years.

(o) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The accounting policies for the Group's main types of revenue are explained below.

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(i) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer. And either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Rendering of services

The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service of employees is recognized immediately in profit or loss.

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Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Group recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the resting period of the awards. The compensation cost is adjusted to reflect the number of awards given to employees for which the performance and non-market conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of equity instruments that eventually have vested.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Group and employees reach a consensus in the subscription price and number of shares.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore, they were accounted for under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) levied by the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(s) Earnings per share

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares.

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(t) Segment information

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements.

There is no risk that the uncertainties in the estimates and assumptions in the consolidated financial statements will cause significant adjustments in the following year.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 417	421
Checking and demand deposits	1,100,084	1,024,122
Time deposits	56,275	386,666
	<u>\$ 1,156,776</u>	<u>1,411,209</u>

The above cash and cash equivalents were not pledged as collateral. Please refer to notes 6(j) and 8 for disclosure of the Group time deposits, recorded under other financial assets— current, with maturity ranging from three months to one year.

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(b) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted common shares	\$ 38,532	48,296
Oversea unlisted shares	<u>47,640</u>	<u>35,862</u>
Total	<u>\$ 86,172</u>	<u>84,158</u>

The Group holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, therefore they have been designated as measured at fair value through other comprehensive income.

The Group entered into an investment agreement with Dotspace, Inc. on February 16, 2022 for the purpose of expanding its business, and invested shares payments in the second phase. In the first phase, a share payment of \$13,409 thousand (USD480 thousand) was paid on March 3, 2022. In the second phase, the shares payment of \$22,453 thousand (USD720 thousand) were paid on October 6, 2022, which the total amount is \$35,862 thousand (USD1,200 thousand), 12,000 thousand shares are subscribed by capital increase.

During the years ended December 31, 2023 and 2022, the dividends of \$2,447 thousand and \$1,904 thousand, respectively, related to equity instruments at fair value through other comprehensive income held on the year ended, were recognized under other income.

No strategic investments were disposed for the years ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Please refer to note 6(w) for market risk.

(c) Notes receivables and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivable	\$ 48,161	23,863
Accounts receivable	466,579	328,597
Less: loss allowance—accounts receivables	<u>(2,596)</u>	<u>(1,786)</u>
	<u>\$ 512,144</u>	<u>350,674</u>

The Group does not regard as any collateral or discount for notes and trade receivable.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

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Notes receivable from the Group have no credit loss based on historical experience, and also considering that the notes receivable as of the reporting date have not been overdue and there is no other indication that the credit quality of the notes receivable has changed from that of the original credit date, the Group assesses that there will be no credit loss for the notes receivable. Therefore, it is not included in the expected credit loss analysis table.

The Group's test equipment segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

December 31, 2023			
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 96,492	-	-
Past due 31~90 days	788	-	-
Past due 181~365 days	9,721	11.19-11.4	1,088
	\$ 107,001		1,088

December 31, 2022			
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 12,712	-	-
Past due 1~30 days	6,084	-	-
Past due 31~90 days	7,503	-	-
Past due 91~180 days	3,118	0-1.01	31
	\$ 29,417		31

The Group's RFID antenna segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

December 31, 2023			
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 330,376	0-0.59	494
Past due 1~30 days	14,629	0-11.04	549
Past due 31~90 days	1,722	0-22.38	209
Past due over 365 days	256	100.00	256
	\$ 346,983		1,508

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	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 289,142	0-0.63	809
Past due 1~30 days	6,778	0-11.85	394
Past due 31~90 days	1,227	0-19.35	174
Past due 91~180 days	323	0-29.67	96
Past due over 365 days	282	100.00	282
	<u>\$ 297,752</u>		<u>1,755</u>

The Group's test and certification segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	<u>\$ 12,595</u>	-	<u>-</u>

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	<u>\$ 1,428</u>	-	<u>-</u>

The movements in the allowance for notes and accounts receivable were as follows:

	2023	2022
Beginning balance	\$ 1,786	2,316
Non-current assets held for sale (or disposal groups)	-	(2,265)
Impairment loss	857	1,793
Amounts written off	-	(87)
Foreign exchange gains/(losses)	(47)	29
Ending balance	<u>\$ 2,596</u>	<u>1,786</u>

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(d) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	\$ 27,078	38,487
Other receivables— sales of equity interests	-	71,965
Less: Loss allowance	-	-
	\$ 27,078	110,452

As of December 31, 2023 and 2022, there was no other receivables that was past due for the Group. Please refer to note 6(w) for other credit risk.

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventory	\$ 170,343	252,171
Finished good	82,040	44,137
Semi-finished products and work in progress	20,099	20,213
Raw materials	12,562	9,465
	\$ 285,044	325,986

The details of the inventory costs recognized as expenses were as follows:

	2023	2022
Write-down of inventories (Reversal of write-downs)	\$ (14,755)	14,284
Loss on disposal of inventory	524	1,122
Total	\$ (14,231)	15,406

As of December 31, 2023 and 2022, the Group did not pledge its inventories as collateral.

(f) Loss of control of subsidiaries

- (i) The Group resolved on August 31, 2022 by the Board of Directors to engage in a disposal of 54.52% and 20.00% equity interests in TA Technology (Shanghai) Co.,Ltd held by subsidiaries, AUDEN BVI and Lucky, respectively. Total of 74.52% equity interest was disposed. An share purchase agreement was entered into on the same day with an unrelated party, EUROFINS PRODUCT TESTING LUX HOLDING SARL. The above transactions are reported in the non-current assets held for sale (disposal group) and liabilities directly related to the non-current assets held for sale (disposal group) on September 30, 2022. For relevant information, see note 6(f) to the consolidated financial statements for the third quarter of 2022. The Group disposed all of its shares in the entity mentioned above with a consideration of \$377,460 thousand (RMB 85,652 thousand net of direct expense) on December 16, 2022 and recognized net gain on disposal of \$197,667 thousand under gains on disposals of investments of other gains and losses. The gain on disposal included accumulated loss on foreign currency

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exchange amounting to \$17,786 thousand and goodwill of \$865 thousand. Amount received as of December 31, 2022 was \$305,496 thousand (RMB69,322 thousand), The uncollected disposal price receivable of \$71,965 thousand (RMB16,330 thousand) is accounted for under other receivables. The income tax expense arising from the disposal of the equity interest amounting to \$30,933 thousand, which is not yet paid as of December 31, 2022 and accounted for under current income tax liabilities. The payment has been made and tax payment certificate is obtained in February 2023.

The carrying amount of assets and liabilities of TA Technology(Shanghai) Co.,Ltd on December 16, 2022 were as follow:

Cash and cash equivalents	\$ 42,652
Notes receivables, accounts receivables and other receivables	63,432
Property, plant and equipment	129,574
Right-of-use assets	50,924
Other	<u>11,788</u>
	<u>298,370</u>
Accounts payable and other payables	19,331
Lease liabilities	55,366
Other	<u>7,433</u>
	<u>82,130</u>
Net assets disposed	<u><u>\$ 216,240</u></u>

- (ii) Pursuant to the resolution of board of directors, the Company disposed of the 100% of equity interest in ATL including its indirect investees, in ATL, CC&C Xi'an and CC&C Shenzhen on April 29, 2021. An agreement for the sale and purchase of shares was entered into on the same day with an unrelated party,EUROFINS PRODUCT TESTING LUX HOLDING SARL. The Group disposed all of its shares in the entity mentioned above with a consideration of \$174,506 thousand on September 1, 2021 (net of transaction tax) and recognized net gain on disposal of \$98,499 thousand under gains on disposals of investments of other gains and losses. The gain on disposal include accumulated loss on foreign currency exchange amounting to \$96 thousand, \$139,400 thousand was received as of December 31, 2021, and uncollected disposal price receivable amounting to \$35,106 thousand, which are accounted for in other receivables. In 2022, the adjustment of equity transaction amounting to \$3,488 thousand was recorded under loss on disposal of investments, the uncollected disposal price receivable was reduced to \$31,618 thousand accordingly. As of December 31, 2022, the sale proceeds of the equity interest have been fully collected.

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(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

		Land	Buildings	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
Cost:							
Balance at January 1, 2023	\$	335,441	101,927	171,778	169,194	20,720	799,060
Additions		-	-	18,669	18,055	217,840	254,564
Disposals		-	-	(3,270)	(7,255)	-	(10,525)
Reclassification		-	-	-	3,732	(2,815)	917
Effects of changes in foreign exchange rates		-	(999)	(725)	(2,356)	-	(4,080)
Balance at December 31, 2023	\$	335,441	100,928	186,452	181,370	235,745	1,039,936
Balance at January 1, 2022	\$	335,441	101,134	438,586	167,841	-	1,043,002
Additions		-	-	88,312	14,723	12,842	115,877
Reclassification		-	-	6,360	(6,360)	7,878	7,878
Disposal of subsidiaries		-	-	(360,102)	(7,816)	-	(367,918)
Disposals		-	-	(6,509)	(1,000)	-	(7,509)
Effects of changes in foreign exchange rates		-	793	5,131	1,806	-	7,730
Balance at December 31, 2022	\$	335,441	101,927	171,778	169,194	20,720	799,060
Accumulated depreciation and impairment loss:							
Balance at January 1, 2023	\$	29,935	76,109	70,182	124,780	-	301,006
Depreciation		-	1,262	25,365	12,418	-	39,045
Disposals		-	-	(2,923)	(7,092)	-	(10,015)
Effects of changes in foreign exchange rates		-	(899)	(898)	(1,776)	-	(3,573)
Balance at December 31, 2023	\$	29,935	76,472	91,726	128,330	-	326,463
Balance at January 1, 2022	\$	29,935	71,709	255,643	126,818	-	484,105
Depreciation		-	3,731	44,293	9,942	-	57,966
Reclassification		-	-	5,725	(5,725)	-	-
Disposal of subsidiaries		-	-	(231,591)	(6,753)	-	(238,344)
Disposals		-	-	(6,508)	(911)	-	(7,419)
Effects of changes in foreign exchange rates		-	669	2,620	1,409	-	4,698
Balance at December 31, 2022	\$	29,935	76,109	70,182	124,780	-	301,006
Carrying amount:							
Balance at December 31, 2023	\$	305,506	24,456	94,726	53,040	235,745	713,473
Balance at December 31, 2022	\$	305,506	25,818	101,596	44,414	20,720	498,054

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On March 7, 2023, the Group signed a contract with a non-related party for the construction of its office building, with a total contract price of \$690,000 thousand (before tax), of which, the amounts of \$213,157 thousand, recorded as construction in progress, and \$476,843 thousand, have been paid and have yet to be paid, respectively, as of December 31, 2023. Please refer to note 9(a).

Please refer to note 8 for the details of items pledged to secure long term bank borrowings and financing facility as of December 31, 2023 and 2022.

(h) Right-of-use assets

The Group leases including land, buildings, and transportation equipment and other equipment recognized as right of use assets. Information about the movements in their recognition or reversal of cost, depreciation, and impairment are presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 2,625	33,380	488	36,493
Additions	-	15,305	-	15,305
Decrease	-	(2,800)	-	(2,800)
Effects of changes in foreign exchange rates	(48)	(481)	-	(529)
Balance at December 31, 2023	<u>\$ 2,577</u>	<u>45,404</u>	<u>488</u>	<u>48,469</u>
Balance at January 1, 2022	\$ 2,587	100,152	108	102,847
Additions	-	17,080	488	17,568
Disposal of subsidiaries	-	(85,254)	-	(85,254)
Decrease	-	-	(108)	(108)
Effects of changes in foreign exchange rates	38	1,402	-	1,440
Balance at December 31, 2022	<u>\$ 2,625</u>	<u>33,380</u>	<u>488</u>	<u>36,493</u>
Accumulated depreciation of right-of- use asset:				
Balance at January 1, 2023	\$ 315	16,052	186	16,553
Depreciation	79	10,309	117	10,505
Decrease	-	(2,800)	-	(2,800)
Effects of changes in foreign exchange rates	(7)	(289)	-	(296)
Balance at December 31, 2023	<u>\$ 387</u>	<u>23,272</u>	<u>303</u>	<u>23,962</u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation of right-of-use asset:				
Balance at January 1, 2022	\$ 233	34,306	83	34,622
Depreciation	79	15,626	211	15,916
Disposal of subsidiaries	-	(34,330)	-	(34,330)
Decrease	-	-	(108)	(108)
Effects of changes in foreign exchange rates	3	450	-	453
Balance at December 31, 2022	<u>\$ 315</u>	<u>16,052</u>	<u>186</u>	<u>16,553</u>
Carrying amount:				
Balance at December 31, 2023	<u>\$ 2,190</u>	<u>22,132</u>	<u>185</u>	<u>24,507</u>
Balance at December 31, 2022	<u>\$ 2,310</u>	<u>17,328</u>	<u>302</u>	<u>19,940</u>

(i) Investment property

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at December 31, 2023 (as of balance January 1, 2023)	<u>\$ 3,350</u>	<u>5,025</u>	<u>8,375</u>
Balance at December 31, 2022 (as of balance January 1, 2022)	<u>\$ 3,350</u>	<u>5,025</u>	<u>8,375</u>
Accumulated depreciation and impairment loss:			
Balance at January 1, 2023	\$ -	3,024	3,024
Depreciation	-	140	140
Balance at December 31, 2023	<u>\$ -</u>	<u>3,164</u>	<u>3,164</u>
Balance at January 1, 2022	\$ -	2,885	2,885
Depreciation	-	139	139
Balance at December 31, 2022	<u>\$ -</u>	<u>3,024</u>	<u>3,024</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 3,350</u>	<u>1,861</u>	<u>5,211</u>
Balance at December 31, 2022	<u>\$ 3,350</u>	<u>2,001</u>	<u>5,351</u>
Fair value:			
Balance at December 31, 2023		<u>\$ 11,634</u>	
Balance at December 31, 2022		<u>\$ 11,404</u>	

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The fair value of the investment property held by The Group is presented on the basis of the assessment by an independent external evaluation expert, who adopted the income approach- direct capitalization and comparative approach for valuation. The input values used in fair value evaluation techniques are of the level 3 of fair value hierarchy and there was no transfer to or from level 3 fair value during the period. The capitalization of earnings (including depreciation deposit rate) used in the years ended December 31, 2023 and 2022 were 1.97% to 2.03% and 1.97% to 1.89% respectively.

Investment properties comprise a number of commercial properties that are leased to third parties. Each leasing contract includes an original noncancelable lease term, and the lease term of the renewal is available for discussion with the lessee °

(j) Other current financial assets

	December 31, 2023	December 31, 2022
Current		
Time deposits and restricted account	\$ 110,182	45,469
Dedicated bank account — collection of share payments	38,065	-
Cash in banks for foreign exchange (FX)	-	3,450
Refundable deposits	<u>16,473</u>	<u>-</u>
Subtotal	<u>164,720</u>	<u>48,919</u>
Non-current		
Time deposits	1,111	1,100
Cash in banks for foreign exchange (FX)	-	24,677
Convertible bond secured deposits	80,000	80,000
Refundable deposits	<u>4,467</u>	<u>2,248</u>
Subtotal	<u>85,578</u>	<u>108,025</u>
Total	<u>\$ 250,298</u>	<u>156,944</u>

The Group remitted its foreign funds to special accounts for foreign exchange deposits in September 2020, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. Thereafter, the Group recorded the above foreign funds under other financial assets- current and other financial assets— noncurrent based on the Group investment plan schedule in December 31, 2022. In accordance with the IFRS Q&A released on January 5, 2024 by the Securities and Future Bureau of the Financial Supervisory Commission, R.O.C. The balance of \$27,350 thousand in offshore funds as of December 31, 2023 was recognized under the cash and cash equivalent.

As of December 31, 2023 and 2022, the other financial assets were pledged as collateral, please refer to note 8.

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(k) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank borrowings	\$ 30,000	-
Unsecured loan	20,000	-
Total	<u>\$ 50,000</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 167,500</u>	<u>195,504</u>
Range of interest rates (%)	<u>1.85~3.10</u>	<u>-</u>

For the collateral for bank borrowings, please refer to note 8.

(l) Long-term borrowings

The details of the Group's long-term borrowings were as follows:

Activity	Loan period and payment term	Range of interest rates(%)	December 31, 2023
Secured borrowings			
— Bank of Taiwan	June 8, 2021 ~June 8, 2041, interest is paid on a monthly basis for the first three years, and the principal is paid monthly from the fourth year. (the total of 204 installments)	1.68~1.93	\$ 190,000
Less: current portion			5,588
Total			<u>\$ 184,412</u>
Unused long-term credit lines			<u>\$ -</u>

Activity	Loan period and payment term	Range of interest rates(%)	December 31, 2022
Secured borrowings			
— Bank of Taiwan	June 8, 2021 ~June 8, 2041, interest is paid on a monthly basis for the first three years, and the principal is paid monthly from the fourth year. (the total of 204 installments)	1.68	\$ 190,000
Less: current portion			-
Total			<u>\$ 190,000</u>
Unused long-term credit lines			<u>\$ -</u>

For the collateral for bank borrowings, please refer to note 8.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(m) Bonds payable

(i) The Company's secured ordinary corporate bonds were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	\$ 400,000	400,000
Unamortized discounted corporate bonds payable	(4,338)	(8,441)
Corporate bonds issued balance at year-end	<u><u>\$ 395,662</u></u>	<u><u>391,559</u></u>
Embedded derivative- Redemption option (Non-current financial assets at fair value through profit or loss)	<u><u>\$ -</u></u>	<u><u>80</u></u>
Equity component – conversion options, included in capital surplus– stock options	<u><u>\$ 93,058</u></u>	<u><u>93,058</u></u>
	2023	2022
Interest expense (note)	<u><u>\$ 4,103</u></u>	<u><u>3,872</u></u>

Note: The effective interest rate of the first issued secured convertible bonds was 1.0477%.

(ii) Pursuant to the official certificate No.11003774351 in effect by FSC on December 24, 2021, the Group's first domestic secured convertible bond was issued on January 18, 2022 with a total issue amounting to \$484,010 thousand. All the payment has been collected. The main terms of issuing the above-mentioned convertible corporate bonds were as follows:

- 1) Issuance period: 3 years (January 18, 2022 to January 18, 2025).
- 2) Total issuance amount: \$400,000 thousand
- 3) Issue price: 121% of the nominal value of the share, with a par value of \$100 thousand per share.
- 4) Coupon rate: 0%
- 5) Repayment method: Except for conversion to ordinary shares of the Company by creditors in accordance with the regulations, or recovery in advance by the Company in accordance with the regulations, the bonds are repaid in cash at one time at their face value upon maturity.
- 6) Secured method: Mega International Commercial Bank is authorized as the bank to provide guarantee.
- 7) Conversion period

The bond holders may opt to have its bonds converted into the Company's ordinary shares within the period between three months after the issuance date (April 19, 2022) and the maturity date (January 18, 2025) under the conversion method.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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8) Conversion price and its adjustment

The conversion price was \$230 per share on the issuance date.

After this convertible bond is issued, except for securities of any kind issued (or private placement) by the Company with conversion rights to ordinary shares or share option and exchanged to ordinary shares or new shares issued for the compensation of employees, In the event of an increase in the number of ordinary shares of the Company issued (or private placement) (including, but not limited to, cash capital increase, retained earnings transferred to capital, capital increase from capital surplus, issuance of new shares due to acquisition of shares of another company or merger with another company, share split and issue of shares for overseas depositary receipt), the Company shall adjust the conversion price according to the formula outlined in conversion policy (calculated up to the New Taiwan dollar 10 cents. Adjust downward not upward and rounded to the nearest cent). Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"),for official announcement set out that adjustments made on the base day of ex-rights for issuing new shares.If the increase in issuing ordinary shares is due to a change in the nominal value of the shares, adjustment shall be made on the base day of transfer new shares; but adjustment is made on share payment date for payment that has actually been received. If the issue price of the new shares is changed after the ex-rights base day of issuing new shares by cash capital increase, the revised issue price of the new shares and the current price per share (The base day of revised issue price setting as decided by the Group is the setting base day for revised current price per share) will be adjusted again in accordance with the formula of the conversion policy. If the adjusted conversion price is lower than the adjusted conversion price announced before the original base day of ex-rights, the GreTai Securities Market (hereinafter referred to as "the GreTai") should be informed with letter to announce on the new adjustment.

After the issuance of this convertible bond, in the event that the Company allot cash dividends of ordinary shares, the Company shall reduce the conversion price (calculated up to the NTD 10 cents. Adjust downward not upward and rounded to the nearest cent) by the formula of the conversion policy on ex-dividend base day. Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"),for official announcement on the conversion price after adjustment. The provision of this conversion price adjustment is not applicable for a person who has requested a conversion prior to the base day of the ex-dividend, ex-rights (excluded).

After this convertible bond is issued, except when the Company issue again securities of any kind (or private placement) with conversion rights to ordinary shares or share option with conversion prices or subscription price below current price per share, the Company shall adjust the conversion price according to the formula outlined in conversion policy (calculated up to the New Taiwan dollar 10 cents. Adjust downward not upward and rounded to the nearest cent). Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"),for official announcement to set out that adjustments should be made on date of issuing share options and above mentioned securities or the delivery date for private placement of securities.

The conversion price has been adjusted from \$224.6 to \$219.7 since May 3, 2023.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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9) Redemption:

Within the period between three month after the issuance date (April 19, 2022) and 40 days (December 9, 2024) before the last convertible date, if (i) the closing price of common shares on the TWSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, or in the event that the outstanding balance of the convertible bonds is less than 10% of the total amount originally issued, the Company may redeem all convertible bonds in accordance to conversion policy.

When the Company issued the above convertible bonds, the share options were separated from the liabilities, and the equity and liabilities components were recognized separately as follows:

	<u>Amount</u>
Total amount issued of convertible bonds	\$ 484,010
Fair value of embedded derivatives at the time of issue	1,640
Transaction cost of issuance	(4,905)
Fair value of proceeds from issuing bonds	<u>(387,687)</u>
Equity component – share options, included in capital surplus– stock options	<u><u>\$ 93,058</u></u>

As of December 31, 2023, the Company had not redeem any convertible bond.

(iii) Financial assets at fair values through profit or loss- non-current, the details are as follows:

	<u>The first time</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance at beginning of period	\$ 80	-
Embedded derivative financial assets (redemption)- balance on date of issue	-	1,640
Loss on evaluation	<u>(80)</u>	<u>(1,560)</u>
Total	<u><u>\$ -</u></u>	<u><u>80</u></u>

As a result of issuing corporate debt, the Company has provided a bank deposit of \$80,000 thousand from Mega International Commercial Bank as collateral (accounted for under other financial assets - non-current), please refer to note 8 for details.

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(n) Lease liabilities

The carrying amounts of lease liabilities for the Group were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 10,249</u>	<u>6,800</u>
Non-current	<u>\$ 12,869</u>	<u>11,558</u>

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 366</u>	<u>1,211</u>
Expenses relating to short-term leases	<u>\$ 923</u>	<u>467</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 5,362</u>	<u>3,116</u>

The amounts of leases recognized in the statement of cash flows for the Group was as follows:

	2023	2022
Net cash outflows from operating activities	<u>\$ 6,651</u>	<u>4,794</u>
Net cash outflow from financing activities	<u>10,342</u>	<u>14,174</u>
Total cash outflow for leases	<u>\$ 16,993</u>	<u>18,968</u>

(i) Real estate leases

As of December 31, 2023 and 2022, the Group leases land and buildings for its office space at factories. The leases of office space typically run for 2 to 10 years.

(ii) Other leases

The Group leases transportation equipment, with lease terms of 3 to 5 years.

(o) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Group were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	<u>\$ (6,546)</u>	<u>(5,250)</u>
Fair value of plan assets	<u>4,764</u>	<u>4,593</u>
Net defined benefit liability	<u>\$ (1,782)</u>	<u>(657)</u>

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The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions benefits for employees upon retirement. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

As of December 31, 2023, the Group's pension fund with Bank of Taiwan amounted to \$4,764 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Group's defined benefit obligations for the years ended in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation at January 1	\$ (5,250)	(5,248)
Current service costs and interest	(67)	(36)
Remeasurement of net liabilities (assets) for defined benefit obligations		
— Actuarial loss (gain) arising from experience adjustments	(1,197)	(314)
— Actuarial loss (gain) arising from financial assumptions	(32)	348
Defined benefit obligation at December 31	<u><u>\$ (6,546)</u></u>	<u><u>(5,250)</u></u>

3) Movements in fair value of plan assets

The movements in the fair value of the Group's plan assets for the years ended in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 4,593	4,175
Interest income	59	29
Remeasurements of the net defined benefit liabilities (assets)—return on plan assets (excluding interest income)	39	321
Contributions paid by the employer	73	68
Fair value of plan assets at December 31	<u><u>\$ 4,764</u></u>	<u><u>4,593</u></u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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4) Expenses recognized in profit or loss

The Group's expenses recognized on profit or loss for the years ended in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ -	-
Net interest on the defined benefit liabilities (asset)	8	7
	<u>\$ 8</u>	<u>7</u>
Total operating costs	\$ -	2
Administrative expenses	3	2
Research and development expense	<u>5</u>	<u>3</u>
	<u>\$ 8</u>	<u>7</u>

5) Remeasurements of net defined benefit liability (asset) recognized in other comprehensive income

The remeasurement of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Cumulative amount at January 1	\$ (4,872)	(5,227)
Recognized in current period	<u>(1,190)</u>	<u>355</u>
Cumulative amount at December 31	<u>\$ (6,062)</u>	<u>(4,872)</u>

6) Actuarial assumptions

The Group's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.25 %	1.30 %
Future salary increases rate	3.00 %	3.00 %

The expected contribution to be made by the Group to the defined benefit plans for the next annual reporting period on 2023 is \$106 thousand.

The weighted average duration of the defined benefit plan is 9 years.

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7) Sensitivity analysis for actuarial assumption

As of December 31, 2023 and 2022, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations were as follows:

	Impact on the defined benefit obligations	
	Increase	Decrease
At December 31, 2023		
Discount rate (changes 0.25%)	\$ (158)	163
Future salary increasing rate (changes 0.25%)	160	(155)
At December 31, 2022		
Discount rate (changes 0.25%)	\$ (137)	141
Future salary increasing rate (changes 0.25%)	139	(135)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability in the balance sheet are the same.

The method used for the sensitivity analysis in this year is the same as the method used in the previous year.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Auden Communications & Multimedia Techno (Kunshan) Co., Ltd., TA Technology (Shanghai), CC&C Xi'an, CC&C Shenzhen and Auden Techno Corp. (Shanghai) provide pension insurance at a certain rate according to the total salary of local employees on a monthly basis complying with the pension insurance system prescribed by the Government of the People's Republic of China. The amount contributed is charged to current expenses, with a ratio of 0% to 16% for the years ended in 2023 and 2022. The pension for each employee is managed and coordinated by the Government and the Group has no further obligation except for monthly contributions.

The Group's pension costs under the defined contribution method were \$13,490 thousand and \$12,567 thousand for the years ended in 2023 and 2022, respectively.

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(p) Income taxes

- (i) The amounts of the Group's income tax expense (benefit) for the years ended in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current taxes expense		
Current period	\$ 51,173	82,295
Adjustment for prior periods	<u>(8,185)</u>	<u>(4,763)</u>
	<u>42,988</u>	<u>77,532</u>
Deferred tax expense		
Origination and reversal of temporary differences	10,982	(9,257)
Adjustment for prior years' deferred income tax	<u>9,405</u>	<u>10,133</u>
	<u>20,387</u>	<u>876</u>
Income tax expense	<u><u>\$ 63,375</u></u>	<u><u>78,408</u></u>

The amounts of the Group's income tax benefit (expense) recognized under other comprehensive income for the years ended in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that may not be reclassified into profit and loss:		
Remeasurement of defined benefit plans	<u><u>\$ 238</u></u>	<u><u>(71)</u></u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ -</u></u>	<u><u>(4,088)</u></u>

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Reconciliations of the Group's income tax expense (benefit) and income before tax for the years ended in 2023 and 2022 were as follows:

	2023	2022
Income before tax	\$ 269,134	401,997
Income tax using the Company's domestic tax rate	\$ 53,827	80,399
Effect of tax rates in foreign jurisdiction	(129)	(2,752)
Loss (gain) on disposal of domestic subsidiaries	2,306	774
Income from tax exemption	(489)	(380)
Non-deductible expenses	636	-
Investment tax credit	(1,767)	(6,668)
Change in unrecognized temporary differences	2,337	(382)
Adjustment for deferred income tax of prior years	9,405	10,133
Change in provision in prior periods	(8,185)	(4,763)
Additional tax on undistributed earnings	5,982	3,409
Other	(548)	(1,362)
Total	\$ 63,375	78,408

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in certain subsidiaries were not recognized as deferred income tax liabilities as the Group has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 211,737	166,734
Unrecognized deferred tax liabilities	\$ 42,347	33,348

2) Unrecognized deferred tax assets

The Group's deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Unused tax losses	\$ 17,708	6,743

The ROC Income Tax Act allows tax losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The deferred tax assets have not been recognized in respect of these items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax losses	Expiry date
Auray Technology Corp.		
2021	\$ 2,594	2031
2022	3,273	2032
2023	5,393	2033
Total	\$ 11,260	
Auden Intelligence Carbon Solution Co. Ltd.		
2022	\$ 154	2032
2023	6,294	2033
	\$ 6,448	

3) **Recognized deferred income tax assets and liabilities**

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	Long term gains on investments (foreign)	Others	Total
Balance at January 1, 2023	\$ (71,873)	(259)	(72,132)
Recognized in profit or loss	12	259	271
Balance at December 31, 2023	\$ (71,861)	-	(71,861)
Balance at January 1, 2022	\$ (53,098)	(266)	(53,364)
Recognized in profit or loss	(18,775)	7	(18,768)
Balance at December 31, 2022	\$ (71,873)	(259)	(72,132)

Deferred tax assets:

	Impairment on assets	Adjustments	Other	Total
Balance at January 1, 2023	\$ 6,619	-	32,706	39,325
Recognized in profit or loss	-	-	(20,658)	(20,658)
Recognized in other comprehensive income	-	-	238	238
Balance at December 31, 2023	\$ 6,619		12,286	18,905
Balance at January 1, 2022	\$ 6,619	4,088	14,885	25,592
Recognized in profit or loss	-	-	17,892	17,892
Recognised in other comprehensive income	-	(4,088)	(71)	(4,159)
Balance at December 31, 2022	\$ 6,619	-	32,706	39,325

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(iii) Examination and approval

The ROC income tax authorities have examined the Group's income tax returns through 2021. The Group's income tax returns of subsidiaries in Mainland China for the years through 2022 have been reported to the P.R.C income tax authorities.

(q) Share capital and other equity

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to \$600,000 thousand; divided into 60,000 thousand shares with par value of \$10 per share, in which \$60,000 thousand is reserved for employee stock option certificates. As of December 31, 2023 and 2022, 46,800 thousand ordinary shares and 46,713 thousand shares are issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 were as follows:

	(In thousands of shares)	
	Ordinary share	
	2023	2022
Outstanding at January 1	46,655	46,396
Vesting condition of restricted stock to employee	52	259
Outstanding at December 31	46,707	46,655
Restricted stock to employee issued by January 1	58	326
Vesting condition of restricted stock to employee	(52)	(259)
Write down of restricted stock to employee	(6)	(9)
Issue restricted stock to employee	93	-
Restricted stock to employee issued but not outstanding by December 31	93	58
Equity at end of period, December 31	46,800	46,713

(i) Ordinary shares

In order to enrich its working capital and repay borrowings, a resolution was decided during the board meeting held on September 22, 2023 for the Group to conduct a cash capital increase by issuing 3,500 thousand ordinary shares, at a par value of \$10 per share and a temporary issuance price of \$120 per share, as well as the anticipated total amount of \$420,000 thousand, with the chairman being granted the authority to adjust issuance price between \$105 and \$150 after being approved by the FSC. On November 7, 2023, upon obtaining approval from the FSC, the base date for the capital increase had been set on January 26, 2024. For the year ended December 31, 2023, the amount of \$38,065 thousand had been paid and was accounted for under other non-current liabilities-other-advance receipts for ordinary share. The actual amount of \$420,000 thousand was paid up upon issuance. All relevant statutory registration procedures had been completed on February 23, 2024.

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In pursuant to the shareholders' meeting resolved on August 27, 2021, the Group was granted to issue 300 thousand shares of restricted stock as employee stock option, with a par value of \$10 per share, amounting to \$3,000 thousand, to qualified full-time employees of the Group and its subsidiaries at no costs. Thereafter, the first new restricted employee shares of 93 thousand shares were issued, wherein the chairman had been authorized to set the base date on August 14, 2023, based on a resolution decided during the board meeting held on August 8, 2023. All statutory registration procedures had since been completed. Please refer to note 6(s) for information on the Group 's restricted employee new shares.

On June 30, 2023, the Group has recovered 4 thousand new restricted employee shares, with a par value of \$37 thousand, due to its employee turnover, resulting in the Group to reduce its capital, with the base date set on August 15, 2023, in which an adjustment was made to capital surplus and unearned employee remuneration by \$603 thousand and \$640 thousand, respectively. All relevant statutory registration procedures were completed on August 31, 2023.

On December 31, 2022, the Group has recovered 2 thousand new restricted employee shares, with a par value of \$20 thousand, due to its employee turnover, resulting in the Group to reduce its capital, with the base date set on March 10, 2023, in which an adjustment was made to capital surplus and unearned employee remuneration by \$326 thousand and \$346 thousand, respectively. All relevant statutory registration procedures were completed on March 16, 2023.

In September 2022, the Group has recovered 9 thousand new restricted employee shares, with a par value of \$86 thousand, due to its employee turnover, resulting in the Group to reduce its capital, with the base date set on August 31, 2022, in which an adjustment was made to capital surplus and unearned employee remuneration by \$1,488 thousand each, based on a resolution decided during the board meeting held on August 10, 2022. All relevant statutory registration procedures were completed on September 16, 2022, wherein the adjusted capital surplus of \$86 thousand was canceled.

(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital at premium	\$ 400,247	373,795
Restricted stock to employee	11,951	9,454
Share option — equity components recognized for convertible bonds issued	93,058	93,058
From share of changes in equities of subsidiaries	666	-
	<u><u>\$ 505,922</u></u>	<u><u>476,307</u></u>

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The Company's capital surplus is derived from the premiums on the issuance of ordinary shares. In accordance with the ROC Company Act, the capital surplus must be used to offset losses, then the realized capital surplus can be used to issue new shares or cash in proportion to the shareholders' original shares. The aforementioned realized capital surplus includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

(iii) Retained earnings

In accordance with the Articles of Incorporation of the Company, if there is any surplus in the annual earnings of the Company, in addition to the payment of tax contributions in accordance with the law, the Company shall first make up for the loss in previous years and provide for the legal reserve in accordance with the law. To set aside or reverse the special reserve and combine its balance to the unallocated earnings at the beginning of the period as distributable earnings, to be retained at the discretion of the Board with reference to the distribution rate of prior years' earnings and future operating demands of the Company, Further, in respect of the retained earnings, the Board shall propose a distribution proposal for the earnings to be distributed in the form of issuing new shares, which shall be submitted to the general shareholders' meeting for resolution for distribution. For distribution be made in cash, the board of directors is authorized to distribute by special resolution and then be reported to the shareholders' meeting.

The dividend policy of the Company is based on the residual dividend policy in order to continue to expand business size and to increase the profitability, and to tie in with the Company's capital requirements as well as long-term financial planning for sustainable operation and stable development. Dividends shall be distributed on the basis of not less than 15% of the distributable earnings, provided that any dividend per share which is less than \$0.25 as a result of such distribution may be proposed by the Board not to be distributed and then submitted to the Shareholders' meeting for recognition. The earnings distribution may be distributed by way of cash dividend and/or stock dividend. The distribution ratio for cash dividend should not be less than 10% of the total dividend distribution.

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First time Adoption of International Financial Reporting Standards" during the Company's first time adoption of the International Financial Reporting Standards endorsed by the FSC, retained earnings increased by \$28,767 thousand by recognizing the cumulative translation adjustments (gains) on the adoption date as deemed cost. In accordance with Order No. 1010012865 issued by the FSC on April 6, 2012, the increase in retained earnings (\$28,767 thousand) due to the first time adoption of IFRSs shall be reclassified as special reserve, and when the relevant asset is used, disposed of, or reclassified, this special reserve, shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to \$28,767 thousand as of December 31, 2023 and 2022.

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of earnings

The appropriations of 2022 and 2021 earnings have been approved by the Company's shareholders in its meetings held on March 14, 2023 and March 23, 2022, respectively. The appropriations and dividends per share were as follows:

	2022		2021	
	Amount per share (dollars)	Total Amount	Amount per share (dollars)	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.50	<u><u>163,489</u></u>	3.00	<u><u>140,165</u></u>

On March 13, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share(dollars)	Total Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 2.60	<u><u>130,763</u></u>

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

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(iv) Other equity interest, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Share-based payments - Unearned compensation cost	Total
Balance at January 1, 2023	\$ (23,307)	9,222	(1,859)	(15,944)
Exchange differences on translation of net assets of foreign operations	(9,731)	1,014	-	(8,717)
Restricted stock to employee adjustments	-	-	(11,895)	(11,895)
Share-based payment	-	-	3,755	3,755
Balance at December 31, 2023	<u>\$ (33,038)</u>	<u>10,236</u>	<u>(9,999)</u>	<u>(32,801)</u>
Balance at January 1, 2022	\$ (43,114)	32,252	(15,069)	(25,931)
Exchange differences on translation of net assets of foreign operations	19,807	-	-	19,807
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(23,030)	-	(23,030)
Restricted stock to employee adjustments	-	-	1,488	1,488
Share-based payment	-	-	11,722	11,722
Balance at December 31, 2022	<u>\$ (23,307)</u>	<u>9,222</u>	<u>(1,859)</u>	<u>(15,944)</u>

(r) Sharebased payment

(i) The information of the Company's restricted employee shares (in thousands) is as follows:

The restricted stock is kept by a trust, which is appointed by the Company, before the vesting condition is met. These shares shall not be sold, pledged, transferred, gifted, hypothecated or disposed of by any other means to third parties during the custody period. Holders of restricted stock awards are entitled to the same rights as the Company's existing ordinary shareholders except for the fact that restricted stock awards are held in trust and have vesting conditions. Also, the Company has the right to take back all unvested shares without compensation and to cancel all restricted stock awards issued to employees who fail to comply with the vesting condition.

	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2023)	Second Restricted Employee Shares for the year ended December 31, 2020 (issued in 2021)	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Grant date	August 14, 2023	August 16, 2021	October 5, 2020
Number of options granted (thousand shares)	93	126	500
Contract term (years)	1~3	1~2	1~2
Vesting conditions	Note 2	Note 3	Note 3
Exercise price per share (dollars)	\$0	\$0	\$0
Adjusted performance price (dollars)	\$0	\$0	\$0

AUDEN TECHNO CORP. AND SUBSIDIARIES

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Note 1: 54 thousand shares to employees of the Company and 39 thousand shares to employees of the Company's subsidiary, Auray Technology Corp.

Note 2: Vesting conditions

(i) years of service

- 1) 30% of the shares are vested in employees who remain in service for one year after receiving the restricted employee shares. The number of options granted will be based on the individual's performance as stated below:
- 2) 30% of the shares are vested in employees who remain in service for two years after receiving the restricted employee shares. The number of options granted will be based on the individual's performance as stated below:
- 3) 40% of the shares are vested in employees who remain in service for three years after receiving the restricted employee shares. The number of options granted will be based on the individual's performance as stated below:

(ii) individual performance

Since the year of issuing new restricted employee shares, an employee who scores a personal performance of indicator A, B, C, and D, will be entitled to 100%, 75%, 25%, and 0% vested shares, respectively.

Note 3: Vesting conditions

(i) Years of service

- 1) 25% of the shares are vested in employees who remain in service for one year after receiving the restricted employee shares.
- 2) 25% of the shares are vested in employees who remain in service for two years after receiving the restricted employee shares.

(ii) Individual performance

- 1) In the year of receiving the restricted employee shares, an employee scores personal performance indicator A will be entitled to 25% vested shares; an employee scores personal performance indicator B will be entitled to 15% vested shares; an employee scores personal performance indicator C will be entitled to 5% vested shares; and an employee scores personal performance indicator D will be entitled to 0% vested shares.
- 2) In the subsequent year of receiving the restricted employee shares, an employee scores personal performance indicator A will be entitled to 25% vested shares; an employee scores personal performance indicator B will be entitled to 15% vested shares; an employee scores personal performance indicator C will be entitled to 5% vested shares; and an employee scores personal performance indicator D will be entitled to 0% vested shares.

1) Measurable parameter of fair value at grant date

The 1st and 2nd restricted employee shares for the years ended December 31, 2021 and 2020, which were issued in 2023 and 2021, were based on the fair value of the share-based payment at the closing price of \$138.5 and \$173, respectively, on the grant date.

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For the year ended December 31, 2020, the restricted employee shares had been issued twice. For the 1st issuance, the Group used the Black Scholes method in measuring the fair value of the share-based payment at the grant date as follows:

	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Fair value at the grant date (unit: New Taiwan dollars)	\$ 46.96
Exercise price (unit: New Taiwan dollars)	Free of charge
Expected volatility (%)	41.44
The expected life of the option (years)	0.18
The risk-free rate (%)	0.0622

2) Expenses recognized in profit or loss

For the years ended December 31, 2023 and 2022, the employee remuneration of \$2,547 thousand and \$11,722 thousand, respectively, were accounted for as operation expenses. For the years ended December 31, 2023, the shares granted by the Group to the employees of its subsidiary – Auray Technology Corp. as employee remuneration, amounting to \$1,208, had been recognized as investments accounted for using equity method. As of December 31, 2023 and 2022, the Group has deferred the unearned employee remuneration arising from the issuance of restricted stock awards amounting to \$9,999 thousand and \$1,859 thousand, respectively, recorded as deduction of other equity. Please refer to note 6(r) for details of changes in the Group interests due to the issuance of restricted shares to employees.

- (iii) The information of the Group cash capital increase reserved for employee subscription is as follows:

	Unit: in thousand of shares Cash capital increase reserved for employee subscription
Given date	December 1, 2023
Given amount	350 (note)
Years of contract	0.16
Granting of object	All employees
Vesting condition	Immediately vested

Note: The employees of the Group subscribed 312 thousand shares, while the employees of the subsidiaries, Auray Technology Corp. and Auden Intelligence Carbon Solution Co. Ltd., subscribed 29 thousand and 9 thousand shares, respectively.

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1) Measurable parameter of fair value at grant date

The Group adopted Black Scholes option evaluation model to estimate the fair value of share-based payment at grant date amounting to \$51.5.

2) Expenses recognized in profit or loss

For the year ended December 31, 2023, the remuneration cost for employee stock option of \$16,042 thousand was accounted for as operation expense. The remuneration costs for employee stock option for the employees of the subsidiaries, Auray Technology Corp. and Auden Intelligence Carbon Solution Co. Ltd., amounting to \$1,494 thousand and \$391 thousand, respectively, were recognized as investments accounted for using equity method. Thereafter, the adjustment made to the capital reserve for employee stock option amounted to \$17,927 thousand.

(s) Earnings per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ <u>206,407</u>	<u>320,777</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	<u>46,684</u>	<u>46,527</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>4.42</u>	<u>6.89</u>
Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company (basic)	\$ 206,407	320,777
Effect of dilutive potential ordinary shares		
Convertible bonds expenses	-	5,872
Losses on financial assets at fair value through profit or loss	-	1,560
Net income attributable to ordinary equity holders of the Company (dilutive)	\$ <u>206,407</u>	<u>328,209</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	46,684	46,527
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	44	67
Effect of the conversion of convertible bonds	-	1,658
New restricted employee shares	<u>34</u>	<u>177</u>
Weighted average number of ordinary shares outstanding (after adjusting the effect of dilutive the potential ordinary share) (in thousands of shares)	<u>46,762</u>	<u>48,429</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>4.41</u>	<u>6.78</u>

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For the year ended December 31, 2023, the Company did not include its convertible bonds in the calculation of its diluted earnings per share since those convertible bonds have antidilutive effect.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Taiwan	\$ 400,650	245,280
Mainland China	1,353,463	1,445,252
Other countries	<u>25,525</u>	<u>27,507</u>
	<u><u>\$ 1,779,638</u></u>	<u><u>1,718,039</u></u>

(ii) Details of revenue by products

The segmental information of the Group is divided into reporting departments based on different products and services, and the revenue from external customers is disclosed in it, so no additional product and service information is disclosed.

(iii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	\$ 48,161	23,863	41,082
Accounts receivable	466,579	328,597	299,522
Loss allowance — accounts receivable	(2,596)	(1,786)	(2,316)
Total	<u><u>\$ 512,144</u></u>	<u><u>350,674</u></u>	<u><u>338,288</u></u>
contract liability (recognized in other current liabilities — others)	<u><u>\$ 128,270</u></u>	<u><u>217,906</u></u>	<u><u>94,777</u></u>

For details on accounts receivable and its loss allowance, please refer to note 6(c).

The opening balances of contract liabilities as of January 1, 2023 and 2022 were recognized as revenues of \$212,930 thousand and \$72,623 thousand for the years ended in 2023 and 2022, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied by transferring ownership to the customer and the payment to be received.

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(u) Remuneration to employees, and directors

In accordance with the articles of incorporation the Company should contribute no less than 2% of the profit as employee remuneration and not more than 2% as directors' and supervisors' remuneration when there is profit for the year. (income before tax, excluding remuneration to employees and directors) A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding two paragraphs distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees amounting to \$5,324 thousand and \$7,685 thousand and directors' and supervisors' remuneration amounting to \$4,792 thousand and \$6,916 thousand for the years ended in 2023 and 2022, respectively. The estimated amounts mentioned above are calculated based on the profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of the remuneration to employees and directors, as specified in the Company's article. These remunerations were expensed under operating expenses during 2023 and 2022. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the year ended in 2022, the remunerations to employees amounted to \$7,685 thousand. The remuneration to directors and supervisors amounted to \$6,916 thousand. There was no difference from the actual distribution. The related information can be accessed from market observation post system website.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income of the Group were as follows:

	2023	2022
Interest income from bank deposits	<u>\$ 9,095</u>	<u>3,707</u>

(ii) Other income

The details of other income of the Group were as follows:

	2023	2022
Rent income	<u>\$ 529</u>	<u>492</u>
Dividend income	<u>2,447</u>	<u>1,904</u>
Other income — other		
Revenues from project	36,601	59,652
Others	<u>6,597</u>	<u>6,132</u>
Other income — other subtotal	<u>43,198</u>	<u>65,784</u>
	<u>\$ 46,174</u>	<u>68,180</u>

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(iii) Other gains and losses

The details of other income of the Group were as follows:

	<u>2023</u>	<u>2022</u>
Gain (loss) on disposal of property, plant and equipment	\$ 1,228	(39)
Gain on disposal of subsidiaries, net	-	194,179
Gains (loss) on foreign exchange, net	(1,066)	53,172
Net loss on financial assets or liabilities at fair value through profit or loss	(80)	(1,560)
Miscellaneous expense	(714)	(1,466)
	<u>\$ (632)</u>	<u>244,286</u>

(iv) Finance cost

The details of finance cost of the Group were as follows:

	<u>2023</u>	<u>2022</u>
Interest on bank borrowings	\$ 4,270	2,989
Interest expenses on lease liabilities	366	1,242
Discount amortization of corporate bonds payable	4,103	3,872
The guarantee service fee of corporate bond	4,000	2,000
	<u>\$ 12,739</u>	<u>10,103</u>

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, 35% and 43%, respectively, of accounts receivable (including related parties) were three major customers.

3) Credit risk of accounts receivable

For credit risk exposure of note and trade receivables, please refer to note 6(c). For details of other receivables, please refer to note 6(d). These are mainly rebates from suppliers, revenues from government projects and other receivables and are therefore financial assets with low credit risk.

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(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-5years</u>	<u>Over 5 years</u>
December 31, 2023						
Short-term loans	\$ 50,000	50,177	50,177	-	-	-
Notes payable	50,851	50,851	50,851	-	-	-
Accounts payable	148,992	148,992	148,992	-	-	-
Other payables	298,490	298,490	298,490	-	-	-
Lease liabilities	23,118	23,674	10,510	6,878	3,702	2,584
Long-term borrowings (including current portion)	190,000	222,850	9,224	14,619	42,562	156,445
Bonds Payable	395,662	400,000	-	400,000	-	-
Guarantee deposits	130	130	130	-	-	-
	<u>\$ 1,157,243</u>	<u>1,195,164</u>	<u>568,374</u>	<u>421,497</u>	<u>46,264</u>	<u>159,029</u>
December 31, 2022						
Notes payable	\$ 38,092	38,092	38,092	-	-	-
Accounts payable	156,494	156,494	156,494	-	-	-
Other payables	233,098	233,098	233,098	-	-	-
Lease liabilities	18,358	18,997	7,072	4,357	4,072	3,496
Long-term borrowings (including current portion)	190,000	224,152	3,430	8,988	42,582	169,152
Bonds Payable	391,559	400,000	-	-	400,000	-
Guarantee deposits	130	130	130	-	-	-
	<u>\$ 1,027,731</u>	<u>1,070,963</u>	<u>438,316</u>	<u>13,345</u>	<u>446,654</u>	<u>172,648</u>

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk exposure

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	
Financial assets							
Monetary items							
USD	\$	19,843	30.7050	609,292	17,541	30.7100	538,698
CNY		50,307	4.3270	217,678	12,630	4.4080	55,672

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	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	3,014	30.7050	92,531	3,471	30.7100	92,027
CNY	34,613	4.3270	149,762	20,877	4.4080	106,590

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, loans, accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 3% of the NTD against the USD, the CNY at December 31, 2023 and 2022, would have increased or decreased the profit before tax by \$14,032 thousand and \$9,498 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group disclosed its exchange gains and losses of monetary items aggregately. The Group's exchange gains, including realized and unrealized, were \$1,066 thousand and \$53,172 thousand for the years ended in 2023 and 2022, respectively.

(iv) Fair value information

1) Categories and fair value of financial instruments

The Group measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	Carrying amount	December 31, 2023			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Equity instrument without quoted price measured at fair value	\$ <u>86,172</u>	<u>-</u>	<u>-</u>	<u>86,172</u>	<u>86,172</u>

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		December 31, 2022				
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss						
Convertible corporate bond redemption rights	\$	<u>80</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>80</u>
Financial assets measured at fair value through other comprehensive income						
Equity instrument without quoted price measured at fair value	\$	<u>84,158</u>	<u>-</u>	<u>-</u>	<u>84,158</u>	<u>84,158</u>

2) Valuation techniques and assumptions used in fair value determination

The above financial instruments held by the Group are not derivative financial instruments, the Group estimated the fair value of the remaining financial instruments by using the valuation techniques. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

Equity instruments without quoted price: the measurements of fair value of equity instruments without an active market are based on income approach, the market comparable listed company approach or comparable transaction method of market approach, the market comparable listed company approach assumes that the fair value is measured by the investee' estimated net worth of equity, enterprise value and price-book ratio, enterprise value multiplier and price earnings ratio multiplier estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security. The income approach is individually assessed on the average net profit after tax and dividends of the evaluated companies in recent years, and on the average capitalization and yield of the comparable company.

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There is no movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3 for the Group.

- 4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There were no level transfers from Level 2 to Level 1 in 2023 and 2022.

- 5) The reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2023	\$ 84,158
Total gains and losses	
Recognized in other comprehensive income	1,014
Purchase	<u>1,000</u>
Balance at December 31, 2023	\$ 86,172
Balance at January 1, 2022	\$ 71,326
Total gains and losses	
Recognized in other comprehensive income	(23,030)
Purchase	<u>35,862</u>
Balance at December 31, 2022	\$ 84,158

- 6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income.

The Group classified the equity instrument has significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

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Quantified information regarding significant unobservable inputs are as follows:

December 31, 2023			
Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without an active market	Comparable listed companies approach	• P/B ratio (1.81 and 3.55) • The multiplier of enterprise Value and EBITDA (14.05) • Discount for lack of market liquidity (25.10%~30%)	• The higher the multiples, the higher the fair value • The higher the multiples, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
December 31, 2022			
Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without an active market	Comparable listed companies approach	• P/B ratio (2.02 and 3.61) • The multiplier of enterprise Value and EBITDA (8.7) • Discount for lack of market liquidity (29.96%~30%)	• The higher the multiples, the higher the fair value • The higher the multiples, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

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- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Inputs	Upward or downward movement	Other comprehensive income arising from changes in fair value	
			Favorable	Unfavorable
Balance at December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	939	(939)
	The multiplier of enterprise Value and EBITDA	5%	638	(634)
	Discount for lack of market liquidity	5%	6,209	(6,153)
Balance at December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	633	(1,344)
	The multiplier of enterprise Value and EBITDA	5%	1,100	(1,073)
	Discount for lack of market liquidity	5%	3,218	(3,789)

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

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(x) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note discloses information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risks.

(ii) Risk management framework

The Board of Directors of the Group is full responsible for the establishment and management of the Group's risk management framework and policies. It is developed and managed by the committee which is authorized by the Board of Directors and the committee reports to the Board of Directors regarding the framework's operations regularly.

The Group's risk management policies are established to identify and analyze the risks being faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets in debt securities.

1) Accounts receivable and other receivables

In accordance with the credit policies set out internally by the Group, each operating entity within the Group is required to perform management and credit risk analysis on each of its new customers before setting the terms and conditions for payment and delivery. Internal risk controls assess the credit quality of customers by taking into account of their financial position, past experience and other factors. The use of credit facilities is monitored on a regular basis.

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2) Investments

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Group has business with.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that there is sufficient cash to meet all contractual obligations. The Group has unused bank facilities for \$167,500 thousand as of December 31, 2023

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

1) Foreign currency risk

The Group's exposure to the risk of exchange rates arising from sales, purchases and borrowing transactions that are not denominated in the functional currency of the individual entities of the Group. The functional currency of the Group's entities is primarily the New Taiwan dollar. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD) and Chinese Yuan (CNY).

The Group has no significant differences or material changes in the accounts receivable and therefore the Group currently uses natural hedging as its primary exchange risk prevention policy in respect of exchange rate risk.

2) Interest rate risk

The financial assets of the Group suffers from fair value risk of their changes in interest rates, are bank deposits; financial liabilities are short-term and long-term borrowings; however, the effect of changes in interest rates on fair value of such financial assets is not significant.

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(y) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management on December 31, 2023.

The Group uses the debt to equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The debt from the balance sheet is the total liabilities. The total capital and equity include share capital, capital surplus, retained earnings, other equity, and non-controlling interests.

Information on the aggregate amount of the items under the capital management of the Group is as follows:

	December 31, 2023	December 31, 2022
Liabilities	\$ 1,471,787	1,444,203
Total equity	\$ 1,667,143	1,606,762
Debt-to-equity ratio	88.28 %	89.88 %

(z) Investing and financing activities not affecting cash flows

Reconciliation of liabilities from financing activities for the years ended in 2023 and 2022, were as follows:

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Changes in lease payments	Foreign exchange movement	Interest expense	
Short-term borrowings	\$ -	50,000	-	-	-	50,000
Bonds Payable	391,559	-	-	-	4,103	395,662
Long-term borrowings	190,000	-	-	-	-	190,000
Lease liabilities	18,358	(10,342)	15,305	(203)	-	23,118
Total liabilities from financing activities	\$ 599,917	39,658	15,305	(203)	4,103	658,780

	January 1, 2022	Cash flows	Changes in lease payments	Foreign exchange movement	Interest expense	Other	Proceeds from disposal of subsidiarie	December 31, 2022
Bonds Payable	\$ -	479,105	-	-	3,872	(91,418)	-	391,559
Long-term borrowings	190,000	-	-	-	-	-	-	190,000
Lease liabilities	69,332	(14,174)	17,568	998	-	-	(55,366)	18,358
Total liabilities from financing activities	\$ 259,332	464,931	17,568	998	3,872	(91,418)	(55,366)	599,917

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Only part of the investment activities paid with cash by the Group acquired the property, plant and equipment. The cash flow information is as follows:

	<u>2023</u>	<u>2022</u>
Property, plant and equipment purchases	\$ 254,564	115,877
Add: Payable on machinery and equipment at beginning of period	21,526	1,279
Less: Ending balance of payable on machinery and equipment	(5,455)	(21,526)
Cash payments	<u>\$ 270,635</u>	<u>95,630</u>

(7) Related-party transactions

(a) Parent Group and Ultimate Controlling Party

The Company is both the parent company and the ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Yaoke Investment Co., Ltd.	Same chairman with the Company
Chang, Yu-Pin	Chairman of the Company
Auden Binghan Education Foundation	Foundation of the Company

(c) Significant transactions with related parties

(i) Leases

The Group rented an office building from Yaoke Investment Co., Ltd. to be used as its headquarter in September 2021. A three year lease contract was signed with the contract price amounting to \$3,031 thousand, in which the rental fee is determined based on the nearby office rental rates. As of December 31, 2023 and 2022, the balance of lease liabilities were \$1,636 thousand and \$2,237 thousand, respectively.

(ii) Donation

In order to fulfill its corporate social responsibility, the Group engages in cultural and educational welfares activities to give back to the community by setting up a national charity called "Auden BingNan Education Foundation", at the amounts of \$2,400 thousand and \$30,000 thousand, totaling \$32,400 thousand, based on the resolutions decided during its board meeting held on March 14, 2023 and November 8, 2022, respectively. Upon the establishment of the foundation, the Chairman has been fully authorized to deal with relevant matters.

The Group funded the amount of \$30,000 thousand to establish a foundation; and thereafter, donated the amount of \$1,200 thousand to the said foundation. The amount totaling \$31,200 thousand had been accounted for under administrative expense-donation.

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(d) Management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 45,609	37,558
Share-based payment	2,549	3,935
Total	\$ 48,158	41,493

Please refer to note 6(r) for the details of share-based payment.

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Other financial assets — current:			
Time deposits	Performance bond guarantee and letter	\$ 7,537	7,500
Time deposits and restricted account	Serves as deposit guarantee for bank to issue of notes to suppliers	50,728	37,969
Other non-current financial assets			
Time deposits	Guarantee fund of Customs Duty	1,111	1,100
Demand deposits	Convertible bonds	80,000	80,000
Property, plant and equipment			
Land and building	Short-term and long-term borrowings	324,596	325,858
		\$ 463,972	452,427

(9) Commitments and contingencies

(a) The aggregate unpaid amounts of contracts are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 482,231	9,475

The Group entered into an agreement on March 7, 2023 for the construction of its office building. For the amounts of payments that have been made, please refer to note 6(g).

(b) The Group issued a performance bond guarantee by the bank for the business needs on December 31, 2023 and 2022. The guarantee amounts were \$9,933 thousand and \$23,996 thousand, respectively. The guarantee period outlined in guarantee letter is from July 6, 2023 to June 30, 2024 and from March 24, 2022 to June 30, 2022, respectively.

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(10) Losses due to major disasters: None

(11) Subsequent events

Please refer to note 6(q) °

(12) Other

A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function By nature	Year ended December 31 2023			Year ended December 31 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	71,992	244,162	316,154	85,105	306,606	391,711
Labor and health insurance	2,020	13,029	15,049	896	11,761	12,657
Pension	3,827	9,671	13,498	3,226	9,348	12,574
Others	7,795	11,586	19,381	6,211	25,850	32,061
Depreciation	14,754	34,936	49,690	43,716	30,305	74,021
Amortization	1,276	4,615	5,891	-	4,768	4,768

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(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group in 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
1	The Company	AUDEN TECHNO VIETNAM CO., LTD.	4	113,023	61,410	61,410	-	61,410	10.87 %	226,047	N	N	N

Note 1: The total amount of guarantee shall not exceed 40% of the Group net worth. The total amount of guarantee provided by the Group to any individual entity shall not exceed 20%

Note 2: The calculation was based on the accumulated amounts of guarantees and endorsements divided by the net worth of the latest audited financial statements.

Note 3: The relationship between guarantor and guarantee is as follows:

- 1) A Group wherein it has business transaction with.
- 2) A Group in which the public Group, directly and indirectly, holds more than 50% of the voting shares.
- 3) A Group who holds, directly and indirectly, more than 50% of the voting shares in the public Group.
- 4) A Group in which the public Group holds, directly or indirectly, 90% or more of the voting shares.
- 5) A Group that fulfills its contractual obligations by providing mutual endorsements/guarantees for another Group in the same industry or for joint builders for purposes of undertaking a construction project.
- 6) A Group wherein all capital contributing shareholders endorse/ guarantee for their jointly invested Group in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-constructed building pursuant to the Consumer Protection Act for each other.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Highest Percentage of ownership	Remarks
				Number of units	Book value	Holding percentage	Market value		
The Comapny	Stock: Ceradex Corporation	—	Financial assets at fair value through other comprehensive income — non-current	636,130	11,635	8.20 %	11,635	636,130	
The Comapny	TMY TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income — non-current	800,000	7,120	2.08 %	7,120	800,000	
The Comapny	WHALETEQ CO., LTD	—	Financial assets at fair value through other comprehensive income — non-current	452,800	18,777	8.81 %	18,777	452,800	
The Comapny	Dotspace, Inc.	—	Financial assets at fair value through other comprehensive income — non-current	12,000,000	47,640	16.79 %	47,640	12,000,000	
The Comapny	SOIC Marine Solution Co., Ltd.	—	Financial assets at fair value through other comprehensive income — non-current	100,000	1,000	7.14 %	1,000	100,000	

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- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock

Name of company	Name of property	Transaction date (note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Comapny	The construction of the factory was carried out by the local commission	2023.3.7	724,500	(note 2)	Fu Tai Construction Co., Ltd.	None	None	None	None	-	Self-commissioned construction is not applicable	Expand R&P energy respond to future aperational development needs	None

Note 1: The transaction amount (including tax) and the tax-free amount should be \$724,500 thousand and \$690,000 thousand, respectively.

Note 2: As of December 31, 2023, the amount of \$213,157 thousand that had been paid was recorded as construction in progress according to the contract.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock

Name of company	Counter-party	Relationship (note 2)	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / (Sale)	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Comapny	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Subsidiaries	Purchase	439,084	56.14 %	Note 1	-	Note 1	(160,297)	(77.09)%	
The Comapny	Auden Techno Corp. (Shanghai)	Subsidiaries	Sales	144,823	10.32 %	Note 2	-	Note 2	17,426	5.08 %	

Note 1: There were no significant differences in the selling prices and trading terms between related parties and regular customers.

Note 2: The Comapny purchased the products from related party, and none of such products are purchased from the general manufacturer and therefore the purchase price of the products is not comparable. The payment terms of purchase transactions with related parties were not significantly different from those offered by other vendors.

Note 3: The intercompany transactions with the Comapny were eliminated in the consolidated financial statements

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (note 1)	Allowances for bad debts
					Amount	Action taken		
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	Subsidiaries	160,297	3.35	-		47,609	-

Note 1: As of March 1, 2024

- (ix) Trading in derivative instruments: Please refer to note 6(m).

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(x) Business relationships and significant intercompany transactions

No. (note 1)	Name of company	Name of counter-party	Nature of relationship (note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Comapny	Auden Techno Corp. (Shanghai)	1	Sales revenue	144,823	For ordinary customer, payment is made approximately 90 days after the sales	8.14%
1	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	2	Sales revenue	439,084	For ordinary customer, payment is made approximately 90 days after the sales	24.67%
1	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	2	Accounts receivable due from related parties	160,297	For ordinary customer, payment is made approximately 90 days after the sales	5.11%

Note 1: Numbers are filled in as follows:

- 1."0" represents the Comapny
- 2.The subsidiaries start with number 1.

Note 2: Relationship with the listed companies:

- 1.Transactions from parent company to subsidiary
- 2.Transactions from subsidiary to parent company
- 3.Transactions between subsidiaries

Note 3: The account in the balance sheet accounted for more than 1% of the consolidated total assets and accounts in profit or loss accounted for more than 1% of the consolidated total revenue in the are disclosed.

(b) Information on investees

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Highest	Net income (loss) of investee (note 1)	Investment income (loss) (note 1)	Remarks
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value (note 1 and 2)				
The Comapny	AUDEN BVI	The British Virgin Islands	Investment Holding (investee)	113,861 (USD3,399)	113,861 (USD3,399)	3,398,888	100.00 %	564,243	3,398,888	29,434	29,889	Note 3
The Comapny	LUCKY	(MAURITIUS)	Investment Holding (investee)	62,117 (USD1,998)	62,117 (USD1,998)	1,997,980	100.00 %	158,769	1,997,980	14,925	15,113	Note 3
The Comapny	Auray Technology Corp.	Taiwan	Tests of communication products	100,000	60,000	10,000,000	100.00 %	90,876	10,000,000	(5,761)	(5,761)	Note 4
The Comapny	Auden Intelligence Carbon Solution Co. Ltd.	Taiwan	Carbon reduction consultation and assistance improvments	24,000	10,000	2,400,000	80.00 %	19,136	2,400,000	(6,471)	(5,768)	
BVI	AUDEN VIETNAM	Vietnam	Manufacure and sales of various types of antenna and other optical equipment and instruments	61,856 (USD2,000)	-	200,000	100.00 %	46,040	200,000	(13,868)	(13,868)	

Note 1: The carrying amounts and investment profit are calculated based on the financial statements of the investee company auditor by the accountants for the same period.

Note 2: Transactions between the Comapny and each subsidiary of the consolidated entity, including the amount of business transaction, accounts receivable,accounts payable, carrying amount of long-term investments and investment profit recognized for the period, have been eliminated in the preparation of the consolidated financial statements.

Note 3: The difference between investment profit recognized for the period and current profit and loss of investee is arising from sidestream transactions.

Note 4: The difference between investment profit recognized for the period and current profit and loss of investee is effect of IFRS16.

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(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information

Unit: in thousands of dollars

Name of investee in Mainland China	Scope of business	Issued capital (note 4)	Method of investment (note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023 (note 3)	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2023 (note 3)	Net income (losses) of the investee	Direct / indirect investment holding percentage	Highest Percentage of ownership	Investment income (losses) (note 2)	Book value (note 2)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Manufacture and sales of various types of antenna and other optical equipment and instruments	76,763 (USD2,500)	2	76,763 (USD2,500)	-	-	76,763 (USD2,500)	-	100.00 %	76,763 (USD2,500)	47,470	330,884	75,367
Auden Techno Corp. (Shanghai)	Sales of instruments	46,058 (USD1,500)	2	46,058 (USD1,500)	-	-	46,058 (USD1,500)	-	100.00 %	46,058 (USD1,500)	16,593	85,440	-

Note 1: Three types of investment method are as follows:

- 1.Direct investment in Mainland China.
- 2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (AUDEN BVI and LUCKY)
- 3.Others

Note 2: The carrying amounts of investment as of December 31 and investment profit recognized by the Company are calculated based on the financial statements of the investee company auditor by the parent company's accountants for the same period.

Note 3: At the end of the period, the exchange rate of USD to NTD is 1:30.705 and the exchange rate of RMB to NTD is 1:4.327, except that the outward exchanges in current period were stated at the actual amount.

Note 4: The transactions were written-off in the consolidated financial statements.

(ii) Limitation on investment in Mainland China

Unit: in thousands of dollars

Company Name	Accumulated investment amount in Mainland China as of 2023 (note 2)	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs (note 2)	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs (note 1)
Auden Techno Corp.	192,152 (USD 6,258) (note 3)	199,705 (USD 6,504) (note 3)	997,415 (note 1)

Note 1: The higher of 60% of net or the Group's net value.

Note 2: At the end of the period, the exchange rate of USD to NTD is presented as 1:30.705.

Note 3: Includes the investment amount of USD250 thousand of the liquidated CC&C (Chengdu) and the disposal of TA Technology (Shanghai) Co., Ltd. the investment amount is USD2,008 thousand.

(iii) Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders

Shareholder's Name	Shareholding	Shares	Percentage
Yaoke Investment Co., Ltd.		3,621,102	7.73 %
Yaohong Investment Co., Ltd.		2,601,000	5.55 %

(14) Segment information

(a) General information

The management of the Group has identified the reportable segment based on the reporting information used by the board of directors in decision makings. The operational decision makers of the Group evaluate business performances from a product-specific perspective. Revenue is mainly generated from three main categories: RFID antenna, measuring equipment and test and certification. The Group provides operations results of each consolidated financial statements to the key decision makers for review and for the purpose of evaluating the performance of such product.

The Group's operating segment information and the reconciliations were as follows:

2023						
	Antenna	Measurement equipment	Testing and certification services	Others	Reconciliation and eliminations	Total
Revenue:						
Revenue from external customers	\$ 882,083	854,843	40,281	2,431	-	1,779,638
Intersegment revenues	-	960	-	-	(960)	-
Total revenue	<u>\$ 882,083</u>	<u>855,803</u>	<u>40,281</u>	<u>2,431</u>	<u>(960)</u>	<u>1,779,638</u>
Depreciation and amortization	<u>\$ 35,144</u>	<u>7,927</u>	<u>11,981</u>	<u>529</u>	<u>-</u>	<u>55,581</u>
Reportable segment profit or loss	<u>\$ 89,968</u>	<u>192,824</u>	<u>(10,046)</u>	<u>(3,612)</u>	<u>-</u>	<u>269,134</u>
2022						
	Antenna	Measurement equipment	Testing and certification services	Others	Reconciliation and eliminations	Total
Revenue:						
Revenue from external customers	\$ 794,587	717,204	206,248	-	-	1,718,039
Intersegment revenues	-	673	-	-	(673)	-
Total revenue	<u>\$ 794,587</u>	<u>717,877</u>	<u>206,248</u>	<u>-</u>	<u>(673)</u>	<u>1,718,039</u>
Depreciation and amortization	<u>\$ 34,951</u>	<u>6,048</u>	<u>37,789</u>	<u>1</u>	<u>-</u>	<u>78,789</u>
Reportable segment profit or loss	<u>\$ 119,398</u>	<u>282,653</u>	<u>1,752</u>	<u>(1,806)</u>	<u>-</u>	<u>401,997</u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Segmental assets and segmental liabilities are not indicators for reviewing operational results by key decision makers of the Group and therefore the items were not disclosed.

(b) Products and services information

The segmental information of the Group is divided into reporting departments based on different products and services, and the revenue from external customers is disclosed in it, so no additional product and service information is disclosed.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from the external customers:

Geographical information	2023	2022
Taiwan	\$ 400,650	245,280
Mainland China	1,353,463	1,445,252
Other countries	<u>25,525</u>	<u>27,507</u>
Total	<u><u>\$ 1,779,638</u></u>	<u><u>1,718,039</u></u>

Non-current assets:

Geographical information	December 31, 2023	December 31, 2022
Taiwan	\$ 678,970	488,100
Mainland China	<u>74,085</u>	<u>44,622</u>
Total	<u><u>\$ 753,055</u></u>	<u><u>532,722</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other non-current assets, excluding financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Major customers

The details of sales revenue from external customers accounted more than 10% of the amount of consolidated statement of comprehensive income are as follows:

	2023	
	Amount	%
Company A	<u>\$ 273,347</u>	<u>15</u>
Company B	<u>\$ 232,743</u>	<u>13</u>
	2022	
	Amount	%
Company A	<u>\$ 246,512</u>	<u>14</u>

Appendix II

2023 Parent company only financial statements and independent auditors' report



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Auden Techno Corp.:

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Please refer to notes 4(n) and 6(u) for the related to disclosures on the revenue recognition of the parent company only financial statements.

Description of the key audit matter

The Company's operating income is a key indicator for management to evaluate the financial or business performance, and is highly expected by the investors. Therefore, the revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures include testing the effectiveness of the design and implementation of the internal controls in relation to sales and cash collection, conducting trend analysis for the top ten customers by comparing the changes or differences to evaluate if there is any significant irregularity, performing random sample checking on the sales transactions to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording, and reviewing samples of sales transactions for a specified period before and after the end of the year to assess the correctness of the revenue attribution period and recognition.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our 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.

The engagement partners on the audit resulting in this independent auditors' report are Lu, Lily and Wu, Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Auden Techno Corp.

Parent Company Only Statements of Financial Position

December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Assets					21xx	Liabilities and Equity				
	Current assets:						Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 693,872	24	863,686	31	2100	Short-term loans (note 6(l))	\$ 50,000	2	-	-
1170	Accounts receivable, net (notes 6(c) and (u))	325,616	11	189,011	7	2150	Notes payable	123	-	123	-
1180	Accounts receivable—related parties, net (notes 6(c), (u) and 7)	17,426	1	37,606	1	2170	Accounts payable	46,848	2	71,573	3
1200	Other receivables (note 6(d))	26,456	1	37,632	1	2180	Accounts payable—related parties (note 7)	160,940	5	101,550	4
1210	Other receivables—related parties (notes 6(d) and 7)	19,423	1	61,399	2	2200	Other payables (note 6(v))	221,237	8	180,676	6
1220	Current income tax assets	88	-	88	-	2220	Other payables—related parties (note 7)	355	-	286	-
130X	Inventories (note 6(e))	176,121	6	211,012	7	2230	Current tax liabilities	14,605	-	35,680	1
1410	Prepayments	18,778	-	16,916	1	2320	Long term liabilities due during a year or operating cycle (note 6(m))	5,588	-	-	-
1476	Other financial assets—current (note 6(k))	38,065	1	3,450	-	2280	Current lease liabilities (note 6(o))	1,697	-	1,961	-
1479	Other current assets	<u>2,705</u>	-	<u>2,220</u>	-	2399	Other current liabilities (notes 6(r) and (u))	<u>147,726</u>	<u>5</u>	<u>165,911</u>	<u>6</u>
	Total current assets	<u>1,318,550</u>	<u>45</u>	<u>1,423,020</u>	<u>50</u>		Total current liabilities	<u>649,119</u>	<u>22</u>	<u>557,760</u>	<u>20</u>
15xx	Non-current assets:					25xx	Non-Current liabilities:				
1510	Non-current financial assets at fair value through profit or loss (note 6(n))	-	-	80	-	2530	Bond payables (note 6(n))	395,662	13	391,559	14
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(b))	86,172	3	84,158	3	2540	Long-term borrowings (notes 6(m) and 8)	184,412	6	190,000	6
1550	Investments accounted for under equity method (notes 6(f), (g) and (s))	833,024	28	736,994	26	2570	Deferred tax liabilities (note 6(q))	71,861	3	72,132	3
1600	Property, plant and equipment (notes 6(h), 7 and 8)	583,423	20	380,622	14	2580	Non-current lease liabilities (note 6(o))	296	-	1,993	-
1755	Right-of-use assets (note 6(i))	1,974	-	3,857	-	2645	Non-current net defined benefit liability (note 6(p))	1,782	-	657	-
1760	Investment property (note 6(j))	38,006	1	38,380	1		Guarantee deposits	<u>130</u>	-	<u>130</u>	-
1780	Intangible assets (note 7)	2,778	-	6,153	-		Total non-current liabilities	<u>654,143</u>	<u>22</u>	<u>656,471</u>	<u>23</u>
1840	Deferred tax assets (note 6(q))	18,905	-	39,325	2	2xxx	Total liabilities	<u>1,303,262</u>	<u>44</u>	<u>1,214,231</u>	<u>43</u>
1980	Other financial assets—non-current (notes 6(k), (n) and 8)	82,249	3	106,947	4	31xx	Equity attributable to owners of parent (notes 6(f), (n), (p), (r) and (s)):				
1990	Other non-current assets—others	<u>540</u>	-	<u>1,457</u>	-	3200	Ordinary shares	468,004	16	467,131	17
	Total non-current assets	<u>1,647,071</u>	<u>55</u>	<u>1,397,973</u>	<u>50</u>	3300	Capital surplus	505,922	17	476,307	17
						3400	Retained earnings	721,234	24	679,268	24
						3xxx	Other equity interest	<u>(32,801)</u>	<u>(1)</u>	<u>(15,944)</u>	<u>(1)</u>
							Total equity	<u>1,662,359</u>	<u>56</u>	<u>1,606,762</u>	<u>57</u>
1xxx	Total assets	<u>\$ 2,965,621</u>	<u>100</u>	<u>2,820,993</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 2,965,621</u>	<u>100</u>	<u>2,820,993</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Auden Techno Corp.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		2023		2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(u) and 7)	\$ 1,402,873	100	1,353,666	100
5000	Operating costs (notes 6(e) and 7)	<u>809,513</u>	<u>58</u>	<u>837,466</u>	<u>62</u>
5900	Gross profit	593,360	42	516,200	38
5910	Less: nrealized profit (loss) from sales	<u>(14,352)</u>	<u>(1)</u>	<u>17,820</u>	<u>1</u>
5900	Gross profit	<u>607,712</u>	<u>43</u>	<u>498,380</u>	<u>37</u>
6000	Operating expenses (notes 6(c), (p), (s), (v) and 7):				
6100	Selling expenses	122,467	9	115,851	9
6200	Administrative expenses	155,196	11	130,213	10
6300	Research and development expenses	145,469	10	179,207	13
6450	Expected credit losses (reversal of expected credit losses)	<u>(31)</u>	<u>-</u>	<u>29</u>	<u>-</u>
	Total operating expenses	<u>423,101</u>	<u>30</u>	<u>425,300</u>	<u>32</u>
6900	Net operating income	<u>184,611</u>	<u>13</u>	<u>73,080</u>	<u>5</u>
7000	Non-operating income and expenses (notes 6(b), (f), (g), (n), (o), (w) and 7):				
7100	Interest income	6,567	-	2,135	-
7010	Other income	38,952	3	52,342	4
7020	Other gains and losses	5,598	-	44,886	3
7050	Finance costs	(12,406)	(1)	(8,851)	-
7070	Share of profit of the subsidiaries accounted for using equity method	<u>33,473</u>	<u>3</u>	<u>206,091</u>	<u>15</u>
	Total non-operating income and expenses	<u>72,184</u>	<u>5</u>	<u>296,603</u>	<u>22</u>
7900	Income before income tax	256,795	18	369,683	27
7950	Less: Income tax expenses (note 6(q))	<u>50,388</u>	<u>3</u>	<u>48,906</u>	<u>4</u>
	Net income	<u>206,407</u>	<u>15</u>	<u>320,777</u>	<u>23</u>
8300	Other comprehensive income (notes 6(p), (q) and (r)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(1,190)	-	355	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,014	-	(23,030)	(2)
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(238)</u>	<u>-</u>	<u>71</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>62</u>	<u>-</u>	<u>(22,746)</u>	<u>(2)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Foreign currency translation differences for foreign operations	(9,731)	(1)	23,895	2
8399	Less: income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>4,088</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>(9,731)</u>	<u>(1)</u>	<u>19,807</u>	<u>2</u>
8300	Other comprehensive income (loss), net of tax	<u>(9,669)</u>	<u>(1)</u>	<u>(2,939)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 196,738</u>	<u>14</u>	<u>317,838</u>	<u>23</u>
Earnings per share (expressed in New Taiwan dollars) (note 6(t))					
9750	Basic earnings per share	<u>\$ 4.42</u>		<u>6.89</u>	
9850	Diluted earnings per share	<u>\$ 4.41</u>		<u>6.78</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Auden Techno Corp.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	Ordinary shares	Capital surplus	Retained earnings			Total	Other equity interest				Total equity
			Legal reserve	Special reserve	Unappropriated earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Others	Total	
Balance at January 1, 2022	\$ 467,217	384,651	47,234	28,767	422,371	498,372	(43,114)	32,252	(15,069)	(25,931)	1,324,309
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	27,702	-	(27,702)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(140,165)	(140,165)	-	-	-	-	(140,165)
Share option—equity components recognized for equity component of convertible bonds issued (preference share)	-	93,058	-	-	-	-	-	-	-	-	93,058
Net income for the year	-	-	-	-	320,777	320,777	-	-	-	-	320,777
Other comprehensive income (loss) for the year	-	-	-	-	284	284	19,807	(23,030)	-	(3,223)	(2,939)
Total comprehensive income (loss) for the year	-	-	-	-	321,061	321,061	19,807	(23,030)	-	(3,223)	317,838
Restricted stock to employee adjustments	(86)	(1,402)	-	-	-	-	-	-	1,488	1,488	-
Share-based payments	-	-	-	-	-	-	-	-	11,722	11,722	11,722
Balance at December 31, 2022	467,131	476,307	74,936	28,767	575,565	679,268	(23,307)	9,222	(1,859)	(15,944)	1,606,762
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	32,106	-	(32,106)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(163,489)	(163,489)	-	-	-	-	(163,489)
Net income for the year	-	-	-	-	206,407	206,407	-	-	-	-	206,407
Other comprehensive income (loss) for the year	-	-	-	-	(952)	(952)	(9,731)	1,014	-	(8,717)	(9,669)
Total comprehensive income (loss) for the year	-	-	-	-	205,455	205,455	(9,731)	1,014	-	(8,717)	196,738
Issue of shares	-	-	-	-	-	-	-	-	-	-	-
Restricted stock to employee adjustments	873	11,022	-	-	-	-	-	-	(11,895)	(11,895)	-
Share-based payment	-	17,927	-	-	-	-	-	-	3,755	3,755	21,682
Changes in non-controlling interests	-	666	-	-	-	-	-	-	-	-	666
Balance at December 31, 2023	<u>\$ 468,004</u>	<u>505,922</u>	<u>107,042</u>	<u>28,767</u>	<u>585,425</u>	<u>721,234</u>	<u>(33,038)</u>	<u>10,236</u>	<u>(9,999)</u>	<u>(32,801)</u>	<u>1,662,359</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Auden Techno Corp.

Parent Company Only Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(All amounts expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	\$ 256,795	369,683
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	23,206	22,993
Amortization expense	4,328	4,310
Expected credit losses (reversal of expected credit losses)	(31)	29
Net loss on financial assets or liabilities at fair value through profit or loss	80	1,560
Interest expense	12,406	8,851
Interest income	(6,567)	(2,135)
Dividend income	(2,447)	(1,904)
Share-based payments	18,589	11,722
Share of profit of subsidiaries accounted for using equity method	(33,473)	(206,091)
Gain on disposal of property, plant and equipment	(1,438)	(1)
Loss on disposal of subsidiaries	-	3,488
Unrealized profit (loss) from sales	(14,352)	17,820
Total adjustments to reconcile profit and loss	301	(139,358)
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Accounts receivable	(136,574)	(6,282)
Accounts receivable—related parties	20,180	(24,350)
Other receivables	11,176	11,553
Other receivable—related parties	41,976	(404)
Inventories	34,891	28,804
Prepayments	(1,862)	5,183
Other current assets	(485)	11,046
Total net changes in operating assets	(30,698)	25,550
Net changes in operating liabilities:		
Accounts payable	(24,725)	(49,486)
Accounts payable—related parties	59,390	(34,326)
Other payables	60,230	56,587
Other payable—related parties	69	(189)
Other current liabilities	(18,185)	92,892
Net defined benefit liability	(65)	(61)
Total net changes in operating liabilities	76,714	65,417
Total net changes in operating assets and liabilities	46,016	90,967
Total adjustments	46,317	(48,391)
Cash inflow generated from operations	303,112	321,292
Interest received	6,567	2,135
Dividends received	2,447	1,904
Interest paid	(8,283)	(4,979)
Income taxes paid	(51,076)	(19,607)
Net cash flows from operating activities	252,767	300,745
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,000)	(35,862)
Proceeds from disposal of subsidiaries	-	31,618
Acquisition of investments accounted for using equity method	(54,000)	(10,000)
Acquisition of property, plant and equipment	(242,999)	(58,364)
Proceeds from disposal of property, plant and equipment	1,738	1
Acquisition of intangible assets	(953)	(3,971)
Decrease (increase) in other financial assets—non-current	(9,917)	(70,586)
Decrease in other non-current assets	-	237
Increase in prepayments for equipment	-	(1,294)
Net cash flows used in investing activities	(307,131)	(148,221)
Cash flows from (used in) financing activities:		
Increase in short-term loans	50,000	-
Proceeds from issuing bonds	-	479,105
Payment of lease liabilities	(1,961)	(1,682)
Cash dividends paid	(163,489)	(140,165)
Net cash flows from (used in) financing activities	(115,450)	337,258
Net increase (decrease) in cash and cash equivalents	(69,814)	489,782
Cash and cash equivalents at beginning of period	863,686	373,904
Cash and cash equivalents at end of period	\$ 693,872	863,686

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Auden Techno Corp.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Company history

Auden Techno Corp. (hereinafter referred to as the "Company") is established on February 1990 in accordance to ROC Company Act. The shares of the Company were listed and sold on the Taiwan Stock Exchange on December 11, 2020. The principal activities of the Company are the design and manufacture of wired and wireless antennas, the performance verification and testing of communications products and the trading agent of precision instrument.

(2) Approval date and procedures of the financial statements

These parent company only financial statements were authorized for issue by the Board of Directors on March 13, 2024.

(3) Application of new and revised standards, amendments and interpretations:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

AUDEN TECHNO CORP.
Notes to the Parent Company Only Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The significant accounting policies applied in the preparation of the parent company only financial statements are set out below. Except for those specially indicated, the significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

The accompanying parent company only financial statements have been prepared on a historical cost basis, except as otherwise specified in the notes to accounting policies.

- (ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

- (c) Foreign currencies

- (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. The resulting exchange differences are included in profit or loss for the year.

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Notes to the Parent Company Only Financial Statements

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When The Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising items from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income and presented in the translating reserve in equity.

(d) Assets and liabilities classified as current and non-current

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting date; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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Notes to the Parent Company Only Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits are classified as cash and cash equivalents only when they meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

All regular way purchases or sales of financial assets classified as the same categories are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI) – equity investment.

The Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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Notes to the Parent Company Only Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial assets measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument by instrument basis.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Impairment of financial assets

The Company assessed against expected credit loss of impairment loss on financial assets measured at amortized cost.

Loss allowance for notes and accounts receivable and contract assets is always measured at an amount of lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information (available without excessive costs or inputs). This includes both quantitative and qualitative information, as well as an analysis based on the Company's historical experience, credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost is measured by using the 12-month ECL, in which the credit risk did not increase significantly since the initial recognition. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

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Notes to the Parent Company Only Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of a financial liabilities and equity instruments.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by The Company comprise convertible bonds that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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Notes to the Parent Company Only Financial Statements

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or canceled or expire. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition. Fixed manufacturing overhead is allocated to finished products and work in process based on normal capacity.

Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, the investments in subsidiaries are recognized by the Company using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company in the consolidated financial statements.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

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(ii) Subsequent cost

Subsequent cost is capitalized only when it is probable that the future economic benefits associated with the cost will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

1) Buildings	25~50 years
2) Machinery and equipment	2~8 years
3) Other equipment	2~26 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in accounting estimate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(j) Lease

(i) Identifying a lease

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

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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Lease liabilities are initially measured at the present value of the lease payments outstanding at the beginning of the lease using the discounted incremental borrowing rate. Interest is subsequently charged using the effective interest method and are measured when there are changes in the lease payments and the lease period, and the carrying amount of the right-to-use assets is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. Lease income from operating lease is recognized in income on a straight-line basis over the lease term.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight line basis over the term of the lease. Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Intangible assets

The intangible assets of the Company are mainly consisted of software and patents. Software and patents that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is recognized in profit or loss on a straight line basis of three to six years over the Company's intangible assets, from the date that they are available for use.

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(m) Impairment – non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Company assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred and estimates the recoverable amount of assets with an indication of impairment. If it is not possible to estimate the recoverable amount of an individual asset, then the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs for the purpose of assessing impairment.

Goodwill is tested for impairment on an annual basis, regardless of whether there is any indication of impairment.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to its recoverable amount and an impairment loss shall be recognized. An impairment loss shall be recognized immediately in profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for non-financial assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had no impairment loss been recognized in prior years.

(n) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer. And either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Rendering of services

The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

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Notes to the Parent Company Only Financial Statements

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Company recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

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(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the resting period of the awards. The compensation cost is adjusted to reflect the number of awards given to employees for which the performance and non-market conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of equity instruments that eventually have vested.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Company and employees reach a consensus in the subscription price and number of shares.

The share based payment arrangement of the Company's equity settlement with the employees of the subsidiary is considered to be an capital contribution to the subsidiary and measured by the fair value of the equity instruments grant date, which is recognized during the vesting period as an increase in the carrying amount of the investment in the subsidiary. Then, adjust the capital reserve-employee share options accordingly.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore, they were accounted for under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences arising from equity investments in subsidiaries, affiliates and joint ventures where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
- (iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) levied by the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(r) Earnings per share

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares.

The Company's dilutive potential common shares comprise employee remuneration, convertible bond and employee stock options.

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(s) Segment information

The Company has disclosed segment information in the consolidated financial statements, and hence does not disclose such information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these parent company only financial statements, the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no critical judgments in applying the accounting policies that have a significant effect on the amounts recognized in the parent company only financial statements.

There is no significant risk of resulting in a material adjustment within the next financial year about assumptions and estimation uncertainties.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 180	193
Checking and demand deposits	693,659	513,460
Time deposits	33	350,033
	<u>\$ 693,872</u>	<u>863,686</u>

The above cash and cash equivalents were not pledged as collateral.

The above cash and cash equivalents were not pledged as collateral. Please refer to notes 6(k) and 8 for disclosure of the Company's time deposits, recorded under other financial assets — current, with maturity ranging from three months to one year.

(b) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted common shares	\$ 38,532	48,296
Oversea unlisted shares	47,640	35,862
Total	<u>\$ 86,172</u>	<u>84,158</u>

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The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

The Company entered into an investment agreement with Dotspace, Inc. on February 16, 2022 for the purpose of expanding its business, and invested shares payments in the second phase. In the first phase, a share payment of \$13,409 thousand (USD480 thousand) was paid on March 3, 2022. In the second phase, the shares payment of \$22,453 thousand (USD720 thousand) were paid on October 6, 2022, which the total amount is \$35,862 thousand (1,200 thousand), 12,000 thousand shares are subscribed by capital increase.

No strategic investments were disposed for the years ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

During the years ended December 31, 2023 and 2022, the dividends of \$2,447 thousand and \$1,904 thousand, respectively, related to equity instruments at fair value through other comprehensive income held on the year ended, were recognized under other income.

Please refer to note 6(x) for market risk ◦

(c) Notes receivable and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 325,616	189,042
Accounts receivable—related parties	17,426	37,606
Less: loss allowance—accounts receivables	-	(31)
	<u>\$ 343,042</u>	<u>226,617</u>

The Company does not regard as any collateral or discount for notes and trade receivable.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for accounts receivable. To measure the expected credit losses, Accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

The Company's test equipment segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 85,559	-	-
Past due 31~90 days	788	-	-
	<u>\$ 86,347</u>		<u>-</u>

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	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 44,473	-	-
Past due 1~30 days	6,084	-	-
Past due 31~90 days	6,831	-	-
Past due 91~180 days	3,118	1.01	31
	<u>\$ 60,506</u>		<u>31</u>

The Company's RFID antenna segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 246,251	-	-
Past due 1~30 days	9,656	-	-
Past due 31~90 days	788	-	-
	<u>\$ 256,695</u>		<u>-</u>

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 162,359	-	-
Past due 1~30 days	3,457	-	-
Past due 31~90 days	326	-	-
	<u>\$ 166,142</u>		<u>-</u>

The movements in the loss allowance for accounts receivables were as follows:

	2023	2022
Beginning balance	\$ 31	2
Impairment losses recognized	-	29
Impairment losses reversed	(31)	-
Ending balance	<u>\$ -</u>	<u>31</u>

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(d) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	\$ 26,456	37,632
Other receivables—related parties	19,423	61,399
Less: Loss allowance	-	-
	\$ 45,879	99,031

As of December 31, 2023 and 2022, there was no other receivables that was past due for The Company. Please refer to note 6(x) for other credit risk.

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventory	\$ 132,145	189,307
Finished good	43,489	21,468
Semi-finished products and work in progress	17	102
Raw materials	470	135
	\$ 176,121	211,012

The details of the inventory costs recognized as expenses were as follows:

	2023	2022
Write-down of inventories (Reversal of write-downs)	\$ (10,087)	1,901
Loss on disposal of inventory	524	1,122
Total	\$ (9,563)	3,023

As of December 31, 2023 and 2022, the Company did not pledge its inventories as collateral.

(f) Investments accounted for using equity method

The details of the investments accounted for under the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 833,024	736,994

The Company's subsidiary, Auray Technology Corp, conducted a cash capital increase by issuing new shares, with the amount of \$40,000 and a base date set on January 12, 2023, based on a resolution approved during the board meeting held on November 8, 2022, wherein the Company participated and subscribed the entire shares. All related registration procedures had been completed on February 1, 2023.

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In August 2022, the Company established Auden Intelligence Carbon Solution Co. Ltd. by investing an additional share capital of \$10,000 thousand. In September 2023, Auden Intelligence Carbon Solution Co. Ltd. conducted a cash capital increase by issuing 2,000 thousand ordinary shares, amounting to \$20,000 thousand, with the Company subscribing the additional shares amounting to \$14,000 thousand, which was not proportion to its existing ownership percentage, resulting in the Company's shareholding percentage to decrease from 100% to 80%, and the difference of \$666 thousand being recognized as capital surplus.

For subsidiaries, please refer to the consolidated financial statements for the years ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged as collateral.

(g) Loss of control of subsidiaries

- (i) The Company resolved on August 31, 2022 by the Board of Directors to engage in a disposal of 54.52% and 20.00% equity interests in TA Technology(Shanghai) Co.,Ltd held by subsidiaries, AUDEN BVI and Lucky, respectively. Total of 74.52% equity interest was disposed. An share purchase agreement was entered into on the same day with an unrelated party, EUROFINS PRODUCT TESTING LUX HOLDING SARL. The above transactions are reported in the non-current assets held for sale (disposal group) and liabilities directly related to the non-current assets held for sale (disposal group) on September 30, 2022. For relevant information, see note 6(f) to the consolidated financial statements for the third quarter of 2022. The Company disposed all of its shares in the entity mentioned above with a consideration of \$377,460 thousand (RMB 85,652 thousand net of direct expense) on December 16, 2022 and recognized net gain on disposal of \$197,667 thousand under gains on disposals of investments of other gains and losses. The gain on disposal included accumulated loss on foreign currency exchange amounting to \$17,786 thousand and goodwill of \$865 thousand. Amount received as of December 31, 2022 was \$305,496 thousand (RMB69,322 thousand), The uncollected disposal price receivable of \$71,965 thousand (RMB16,330 thousand) is accounted for under other receivables. The account receivables were fully collected in 2023. The income tax expense arising from the disposal of the equity interest amounting to \$30,933 thousand, which is not yet paid as of December 31, 2022 and accounted for under current income tax liabilities. The payment has been made and tax payment certificate is obtained in February 2023. For above transactions, share of profit (loss) of subsidiaries accounted for using equity method amounting to \$166,734 thousand.

The carrying amount of assets and liabilities of TA Technology (Shanghai) Co.,Ltd on December 16, 2022 were as follow:

Cash and cash equivalents	\$ 42,652
Notes receivables, trade receivables and other receivables	63,432
Property, plant and equipment	129,574
Right-of-use assets	50,924
Other	11,788
	<u>298,370</u>

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Accounts payable and other payables	\$ 19,331
Lease liabilities	55,366
Other	<u>7,433</u>
	<u>82,130</u>
Net assets disposed	<u><u>\$ 216,240</u></u>

- (ii) Pursuant to the resolution of board of directors, the Company disposed of the 100% of equity interest in A Test Lab Techno Corp. including its indirect investees, in A Test Lab Techno Corp., CC&C Xi'an and CC&C Shenzhen on April 29, 2021. An agreement for the sale and purchase of shares was entered into on the same day with an unrelated party, EUROFINs PRODUCT TESTING LUX HOLDING SARL. The Company disposed all of its shares in the entity mentioned above with a consideration of \$174,506 thousand on September 1, 2021 (net of transaction tax) and recognized net gain on disposal of \$98,499 thousand. The gain on disposal include accumulated loss on foreign currency exchange amounting to \$96 thousand, \$139,400 thousand was received as of December 31, 2021, and uncollected disposal price receivable amounting to \$35,106 thousand, which are accounted for in other receivables. In 2022, the adjustment of equity transaction amounting to \$3,488 thousand was recorded under loss on disposal of investments, the uncollected disposal price receivable was reduced to \$31,618 thousand accordingly. As of December 31, 2022, the sale proceeds of the equity interest have been fully collected.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023	\$ 313,457	35,561	121,423	43,018	17,750	531,209
Additions	-	-	3,629	1,664	217,840	223,133
Reclassification	-	-	-	762	155	917
Disposals	-	-	(2,389)	(502)	-	(2,891)
Balance at December 31, 2023	<u>\$ 313,457</u>	<u>35,561</u>	<u>122,663</u>	<u>44,942</u>	<u>235,745</u>	<u>752,368</u>
Balance at January 1, 2022	\$ 313,457	35,561	105,158	38,719	-	492,895
Additions	-	-	63,075	4,881	9,872	77,828
Reclassification	-	-	-	-	7,878	7,878
Disposals	-	-	(46,810)	(582)	-	(47,392)
Balance at December 31, 2022	<u>\$ 313,457</u>	<u>35,561</u>	<u>121,423</u>	<u>43,018</u>	<u>17,750</u>	<u>531,209</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2023	\$ 29,935	26,255	67,251	27,146	-	150,587
Depreciation	-	1,028	15,112	4,809	-	20,949
Disposals	-	-	(2,139)	(452)	-	(2,591)
Balance at December 31, 2023	<u>\$ 29,935</u>	<u>27,283</u>	<u>80,224</u>	<u>31,503</u>	<u>-</u>	<u>168,945</u>
Balance at January 1, 2022	\$ 29,935	25,227	57,741	23,912	-	136,815
Depreciation	-	1,028	16,007	3,816	-	20,851
Disposals	-	-	(6,497)	(582)	-	(7,079)
Balance at December 31, 2022	<u>\$ 29,935</u>	<u>26,255</u>	<u>67,251</u>	<u>27,146</u>	<u>-</u>	<u>150,587</u>
Carrying amount						
Balance at December 31, 2023	<u>\$ 283,522</u>	<u>8,278</u>	<u>42,439</u>	<u>13,439</u>	<u>235,745</u>	<u>583,423</u>
Balance at December 31, 2022	<u>\$ 283,522</u>	<u>9,306</u>	<u>54,172</u>	<u>15,872</u>	<u>17,750</u>	<u>380,622</u>

On March 7, 2023, the Company signed a contract with a non-related party for the construction of its office building, with a total contract price of \$690 thousand (before tax), of which, the amounts of \$213,157 thousand, recorded as construction in progress, and \$476,843 thousand, have been paid and have yet to be paid, respectively, as of December 31, 2023. Please refer to note 9(a).

Please refer to note 8 for the details of items pledged to secure long term bank borrowings and financing facility as of December 31, 2023 and 2022.

(i) Right-of-use assets

The Company leases many assets including land and buildings, transportation equipment and other equipment. Information about leases for which The Company as a lessee is presented below:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at December 31, 2023 (as of balance January 1, 2023)	<u>\$ 5,664</u>	<u>488</u>	<u>6,152</u>
Balance at January 1, 2022	\$ 919	108	1,027
Additions	4,745	488	5,233
Reductions	-	(108)	(108)
Balance at December 31, 2022	<u>\$ 5,664</u>	<u>488</u>	<u>6,152</u>

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	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation of right-of-use asset:			
Balance at January 1, 2023	\$ 2,109	186	2,295
Depreciation	<u>1,766</u>	<u>117</u>	<u>1,883</u>
Balance at December 31, 2023	<u>\$ 3,875</u>	<u>303</u>	<u>4,178</u>
Balance at January 1, 2022	\$ 551	83	634
Depreciation	1,558	211	1,769
Reductions	<u>-</u>	<u>(108)</u>	<u>(108)</u>
Balance at December 31, 2022	<u>\$ 2,109</u>	<u>186</u>	<u>2,295</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 1,789</u>	<u>185</u>	<u>1,974</u>
Balance at December 31, 2022	<u>\$ 3,555</u>	<u>302</u>	<u>3,857</u>

(j) Investment property

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at December 31, 2023 (as of balance January 1, 2023)	<u>\$ 25,334</u>	<u>16,727</u>	<u>42,061</u>
Balance at December 31, 2022 (as of balance January 1, 2022)	<u>\$ 25,334</u>	<u>16,727</u>	<u>42,061</u>
Accumulated depreciation and impairment loss			
Balance January 1, 2023	\$ -	3,681	3,681
Depreciation	<u>-</u>	<u>374</u>	<u>374</u>
Balance December 31, 2023	<u>\$ -</u>	<u>4,055</u>	<u>4,055</u>
Balance January 1, 2022	\$ -	3,308	3,308
Depreciation	<u>-</u>	<u>373</u>	<u>373</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>3,681</u>	<u>3,681</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 25,334</u>	<u>12,672</u>	<u>38,006</u>
Balance at December 31, 2022	<u>\$ 25,334</u>	<u>13,046</u>	<u>38,380</u>
Fair value:			
Balance at December 31, 2023			<u>\$ 49,128</u>
Balance at December 31, 2022			<u>\$ 47,024</u>

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The fair value of the investment property held by The Company is presented on the basis of the assessment by an independent evaluation expert, who adopted the income approach- direct capitalization and comparative approach for valuation. The input values used in fair value evaluation techniques are of the level 3 of fair value hierarchy and there was no transfer to or from level 3 fair value during the period. The capitalization of earnings (including depreciation deposit rate) used in the years ended December 31, 2023 and 2022 were 1.90%~2.02% and 1.51%~2.00%, respectively.

Investment properties comprise a number of commercial properties that are leased to third parties. Each leasing contract includes an original noncancelable lease term, and the lease term of the renewal is available for discussion with the lessee.

(k) Other current financial assets

	December 31, 2023	December 31, 2022
Current		
Special bank account - collection of shares	\$ 38,065	-
Cash in banks for foreign exchange (FX)	-	3,450
Subtotal	<u>38,065</u>	<u>3,450</u>
Non-current		
Time deposits	1,111	1,100
Cash in banks for foreign exchange (FX)	-	24,677
Convertible bond secured deposits	80,000	80,000
Refundable deposits	<u>1,138</u>	<u>1,170</u>
Subtotal	<u>82,249</u>	<u>106,947</u>
Total	<u>\$ 120,314</u>	<u>110,397</u>

The Company remitted its foreign funds to special accounts for foreign exchange deposits in September 2020, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. Thereafter, the Company recorded the above foreign funds under other financial assets- current and other financial assets— noncurrent based on the Company's investment plan schedule in December 31, 2022. In accordance with the IFRS Q&A released on January 5, 2024 by the Securities and Future Bureau of the Financial Supervisory Commission, R.O.C. The balance of \$27,350 thousand in offshore funds as of December 31, 2023 was recognized under the cash and cash equivalent.

As of December 31, 2023 and 2022, the other financial assets were pledged as collateral, please refer to note 8.

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(l) Short-term borrowings

	December 31, 2023	December 31, 2022
Other short-term loans	\$ 30,000	-
Commercial paper payable	20,000	-
Total	<u>\$ 50,000</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 158,567</u>	<u>195,504</u>
Range of interest rates (%)	<u>1.85~1.90</u>	<u>-</u>

For the collateral for bank borrowings, please refer to note 8.

(m) Long-term borrowings

The details of the Company's long-term borrowings were as follows:

Activity	Loan period and payment term	Range of interest rates(%)	December 31, 2023
Secured borrowings			
— Bank of Taiwan	June 8, 2021 ~June 8, 2041, interest is paid on a monthly basis for the first three years, and the principal is paid monthly from the fourth year. (the total of 204 installments)	1.68~1.93	\$ 190,000
Less: current portion			5,588
Total			<u>\$ 184,412</u>
Unused long-term credit lines			<u>\$ -</u>

Activity	Loan period and payment term	Range of interest rates(%)	December 31, 2022
Secured borrowings			
— Bank of Taiwan	June 8, 2021 ~June 8, 2041, interest is paid on a monthly basis for the first three years, and the principal is paid monthly from the fourth year. (the total of 204 installments)	1.805	\$ 190,000
Less: current portion			-
Total			<u>\$ 190,000</u>
Unused long-term credit lines			<u>\$ -</u>

For the collateral for bank borrowings, please refer to note 8.

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(n) Bonds payable

(i) The Company's secured ordinary corporate bonds were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	\$ 400,000	400,000
Unamortized discounted corporate bonds payable	(4,338)	(8,441)
Corporate bonds issued balance at year-end	<u><u>\$ 395,662</u></u>	<u><u>391,559</u></u>
Embedded derivative- Redemption option (Non-current financial assets at fair value through profit or loss)	<u><u>\$ -</u></u>	<u><u>80</u></u>
Equity component – conversion options, included in capital surplus– stock options	<u><u>\$ 93,058</u></u>	<u><u>93,058</u></u>
	<u><u>2023</u></u>	<u><u>2022</u></u>
Interest expense (note)	<u><u>\$ 4,103</u></u>	<u><u>3,872</u></u>

Note: The effective interest rate of the first issued secured convertible bonds was 1.0477%.

(ii) Pursuant to the official certificate No.11003774351 in effect by FSC on December 24, 2021, the Company's first domestic secured convertible bond was issued on January 18, 2022 with a total issue amounting to \$484,010 thousand. All the payment has been collected. The main terms of issuing the above-mentioned convertible corporate bonds were as follows:

- 1) Issuance period: 3 years (January 18, 2022 to January 18, 2025).
- 2) Total issuance amount: \$400,000 thousand.
- 3) Issue price: 121% of the nominal value of the share, with a par value of \$100 thousand per share.
- 4) Coupon rate: 0%
- 5) Repayment method: Except for conversion to ordinary shares of the Company by creditors in accordance with the regulations, or recovery in advance by the Company in accordance with the regulations, the bonds are repaid in cash at one time at their face value upon maturity.
- 6) Secured method: Mega International Commercial Bank is authorized as the bank to provide guarantee.
- 7) Conversion period:

The bond holders may opt to have its bonds converted into the Company's ordinary shares within the period between three months after the issuance date (April 19, 2022) and the maturity date (January 18, 2025) under the conversion method.

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8) Conversion price and its adjustment

The conversion price was \$230 per share on the issuance date.

After this convertible bond is issued, except for securities of any kind issued (or private placement) by the Company with conversion rights to ordinary shares or share option and exchanged to ordinary shares or new shares issued for the compensation of employees, In the event of an increase in the number of ordinary shares of the Company issued (or private placement) (including, but not limited to, cash capital increase, retained earnings transferred to capital, capital increase from capital surplus, issuance of new shares due to acquisition of shares of another company or merger with another company, share split and issue of shares for overseas depositary receipt), the Company shall adjust the conversion price according to the formula outlined in conversion policy (calculated up to the New Taiwan dollar 10 cents. Adjust downward not upward and rounded to the nearest cent). Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"), for official announcement set out that adjustments made on the base day of ex-rights for issuing new shares. If the increase in issuing ordinary shares is due to a change in the nominal value of the shares, adjustment shall be made on the base day of transfer new shares; but adjustment is made on share payment date for payment that has actually been received. If the issue price of the new shares is changed after the ex-rights base day of issuing new shares by cash capital increase, the revised issue price of the new shares and the current price per share (The base day of revised issue price setting as decided by the Company is the setting base day for revised current price per share) will be adjusted again in accordance with the formula of the conversion policy. If the adjusted conversion price is lower than the adjusted conversion price announced before the original base day of ex-rights, the GreTai Securities Market (hereinafter referred to as "the GreTai") should be informed with letter to announce on the new adjustment.

After the issuance of this convertible bond, in the event that the Company allot cash dividends of ordinary shares, the Company shall reduce the conversion price (calculated up to the NTD 10 cents. Adjust downward not upward and rounded to the nearest cent) by the formula of the conversion policy on ex-dividend base day. Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"), for official announcement on the conversion price after adjustment. The provision of this conversion price adjustment is not applicable for a person who has requested a conversion prior to the base day of the ex-dividend, ex-rights (excluded).

After this convertible bond is issued, except when the Company issue again securities of any kind (or private placement) with conversion rights to ordinary shares or share option with conversion prices or subscription price below current price per share, the Company shall adjust the conversion price according to the formula outlined in conversion policy (calculated up to the New Taiwan dollar 10 cents. Adjust downward not upward and rounded to the nearest cent). Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"), for official announcement to set out that adjustments should be made on date of issuing share options and above mentioned securities or the delivery date for private placement of securities.

The conversion price has been adjusted from \$224.6 to \$219.7 since May 3, 2023.

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9) Redemption:

Within the period between three month after the issuance date (April 19, 2022) and 40 days (December 9, 2024) before the last convertible date, if the closing price of common shares on the TWSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, or in the event that the outstanding balance of the convertible bonds is less than 10% of the total amount originally issued, the Company may redeem all convertible bonds in accordance to conversion policy.

When the Company issued the above convertible bonds, the share options were separated from the liabilities, and the equity and liabilities components were recognized separately as follows:

	<u>Amount</u>
Total amount issued of convertible bonds	\$ 484,010
Fair value of embedded derivatives at the time of issue	1,640
Transaction cost of issuance	(4,905)
Fair value of proceeds from issuing bonds	<u>(387,687)</u>
Equity component – share options, included in capital surplus– stock options	<u><u>\$ 93,058</u></u>

As of December 31, 2023, the Company had not redeem any convertible bond.

(iii) Financial assets at fair values through profit or loss- non-current, the details are as follows:

	<u>The first time</u>	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Balance at beginning of period	\$ 80	-
Embedded derivative financial assets (redemption)- balance on date of issue	-	1,640
profit or loss on evaluation	<u>(80)</u>	<u>(1,560)</u>
Equity at end of period, December 31	<u><u>\$ -</u></u>	<u><u>80</u></u>

As a result of issuing corporate debt, the Company has provided a bank deposit of \$80,000 thousand from Mega International Commercial Bank as collateral (accounted for under other financial assets - non-current), please refer to note 8 for details.

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(o) Lease liabilities

The carrying amounts of lease liabilities for the Company were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 1,697</u>	<u>1,961</u>
Non-current	<u>\$ 296</u>	<u>1,993</u>

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 36</u>	<u>44</u>
Expenses relating to short-term leases	<u>\$ 690</u>	<u>1,803</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 384</u>	<u>369</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	2023	2022
Net cash outflows from operating activities	<u>\$ 1,110</u>	<u>2,216</u>
Net cash outflow from financing activities	<u>1,961</u>	<u>1,682</u>
Total cash outflow for leases	<u>\$ 3,071</u>	<u>3,898</u>

(i) Real estate leases

As of December 31, 2023 and 2022, the Company leases land and buildings for its office space at factories. The leases of office space typically run for 3 to 5 years.

(ii) Other leases

The Company leases other equipment, with lease terms of 3 to 5 years.

(p) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	<u>\$ (6,546)</u>	<u>(5,250)</u>
Fair value of plan assets	<u>4,764</u>	<u>4,593</u>
Net defined benefit liability	<u>\$ (1,782)</u>	<u>(657)</u>

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The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

As of December 31, 2023, the Company's pension fund with Bank of Taiwan amounted to \$4,764 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Company's defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation at January 1	\$ (5,250)	(5,248)
Current service costs and interest	(67)	(36)
Remeasurement of net liabilities (assets) for defined benefit obligations		
— Actuarial loss (gain) arising from experience adjustments	(1,197)	(314)
— Actuarial loss (gain) arising from financial assumptions	(32)	348
Defined benefit obligation at December 31	<u><u>\$ (6,546)</u></u>	<u><u>(5,250)</u></u>

3) Movements in fair value of plan assets

The movements in the fair value of the Company's plan assets for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 4,593	4,175
Interest income	59	29
Remeasurements of the net defined benefit liabilities (assets)— return on plan assets (excluding interest income)	39	321
The amount that has been withdrawn to the plan	73	68
Fair value of plan assets at December 31	<u><u>\$ 4,764</u></u>	<u><u>4,593</u></u>

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4) Expenses recognized in profit or loss

The Company's expenses recognized on profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ -	-
Net interest on the defined benefit liabilities (asset)	8	7
	<u>\$ 8</u>	<u>7</u>
Administrative expenses	\$ 3	2
Research and development expense	5	5
	<u>\$ 8</u>	<u>7</u>

5) Remeasurements of net defined benefit liability (asset) recognized in other comprehensive income

The remeasurement of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Cumulative amount at January 1	\$ (4,426)	(4,781)
Recognized in current period	(1,190)	355
Cumulative amount at December 31	<u>\$ (5,616)</u>	<u>(4,426)</u>

6) Actuarial assumptions

The Company's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.25 %	1.30 %
Future salary increases rate	3.00 %	3.00 %

The expected contribution to be made by the Company to the defined benefit plans for the next annual reporting period is \$106 thousand.

The weighted average duration of the defined benefit plan is 9 years.

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7) Sensitivity analysis for actuarial assumption

As of December 31, 2023 and 2022, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations were as follows:

	The impact of defined benefit obligation	
	Increase	Decrease
At December 31, 2023		
Discount rate (changes 0.25%)	\$ (158)	163
Future salary increasing rate (changes 0.25%)	160	(155)
At December 31, 2022		
Discount rate (changes 0.25%)	\$ (137)	141
Future salary increasing rate (changes 0.25%)	139	(135)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability in the balance sheet are the same.

The method used for the sensitivity analysis in for this year is the same as the method used in the previous year.

(ii) Defined contribution plans

The Company contributes an amount equal to 0% of the employee's monthly. The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution method were \$6,392 thousand and \$6,219 thousand for the years ended December 31, 2023 and 2022, respectively.

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(q) Income taxes

(i) Income tax expense

The amounts of the Company's income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current taxes expense		
Current period	\$ 36,762	47,688
Adjustment for prior periods	<u>(6,761)</u>	<u>342</u>
	<u>30,001</u>	<u>48,030</u>
Deferred tax expense		
Origination and reversal of temporary differences	10,982	(9,257)
Adjustment for prior years' deferred income tax	<u>9,405</u>	<u>10,133</u>
	<u>20,387</u>	<u>876</u>
Income tax expense	<u><u>\$ 50,388</u></u>	<u><u>48,906</u></u>

The amounts of the Company's income tax benefit (expense) recognized under other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that may not be reclassified into profit and loss:		
Remeasurement of defined benefit plans	<u><u>\$ 238</u></u>	<u><u>(71)</u></u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ -</u></u>	<u><u>(4,088)</u></u>

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Reconciliations of the Company's income tax expense (benefit) and income before tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Income before tax	\$ 256,795	369,683
Income tax using the Company's domestic tax rate	\$ 51,359	73,937
Profit or loss of domestic investments accounted for using equity method	2,306	774
Gain on disposal of domestic subsidiaries	-	-
Change in unrecognized temporary differences	(8,999)	(33,348)
Investment tax credit	(1,767)	(6,668)
Adjustment for deferred income tax of prior years	9,405	10,133
Change in provision in prior periods	(6,761)	342
Additional tax on undistributed earnings	5,982	3,409
Other	(1,137)	327
Total	\$ 50,388	48,906

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in certain subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 211,737	166,734
Unrecognized deferred tax liabilities	\$ 42,347	33,348

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- 2) Unrecognized deferred tax assets: None.
- 3) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	Long term gains on investments (foreign)	Others	Total
Balance at January 1, 2023	\$ (71,873)	(259)	(72,132)
Recognized in profit or loss	12	259	271
Balance at December 31, 2023	<u><u>\$ (71,861)</u></u>	<u><u>-</u></u>	<u><u>(71,861)</u></u>
Balance at January 1, 2022	\$ (53,098)	(266)	(53,364)
Recognized in profit or loss	(18,775)	7	(18,768)
Balance at December 31, 2022	<u><u>\$ (71,873)</u></u>	<u><u>(259)</u></u>	<u><u>(72,132)</u></u>

Deferred tax assets:

	Impairments loss of assets	Exchange differences on translation	Others	Total
Balance at January 1, 2023	\$ 6,619	-	32,706	39,325
Recognized in profit or loss	-	-	(20,658)	(20,658)
Recognized in other comprehensive income	-	-	238	238
Balance at December 31, 2023	<u><u>\$ 6,619</u></u>	<u><u>-</u></u>	<u><u>12,286</u></u>	<u><u>18,905</u></u>
Balance at January 1, 2022	\$ 6,619	4,088	14,885	25,592
Recognized in profit or loss	-	-	17,892	17,892
Recognised in other comprehensive loss	-	(4,088)	(71)	(4,159)
Balance at December 31, 2022	<u><u>\$ 6,619</u></u>	<u><u>-</u></u>	<u><u>32,706</u></u>	<u><u>39,325</u></u>

- (iii) Examination and approval

The ROC income tax authorities have examined the Company's income tax returns through 2021.

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(r) Share capital and other equity

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to \$600,000 thousand; divided into 60,000 thousand shares with par value of \$10 per share, in which \$60,000 thousand is reserved for employee stock option certificates. As of December 31, 2023 and 2022, 46,800 thousand ordinary shares and 46,713 thousand shares are issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for December 31, 2023 and 2022 were as follows:

	(In thousands of shares)	
	Ordinary share	
	2023	2022
Outstanding at January 1	46,655	46,396
Vesting condition of restricted stock to employee	52	259
Outstanding at December 31	46,707	46,655
Restricted stock to employee issued by January 1	58	326
Vesting condition of restricted stock to employee	(52)	(259)
Write down of restricted stock to employee	(6)	(9)
Issue restricted stock to employee	93	-
Restricted stock to employee issued but not outstanding by December 31	93	58
Equity at end of period, December 31	46,800	46,713

(i) Ordinary shares

In order to enrich its working capital and repay borrowings, a resolution was decided during the board meeting held on September 22, 2023 for the Company to conduct a cash capital increase by issuing 3,500 thousand ordinary shares, at a par value of \$10 per share and a temporary issuance price of \$120 per share, as well as the anticipated total amount of \$420,000 thousand, with the chairman being granted the authority to adjust issuance price between \$105 and \$150 after being approved by the FSC. On November 7, 2023, upon obtaining approval from the FSC, the base date for the capital increase had been set on January 26, 2024. For the year ended December 31, 2023, the amount of \$38,065 thousand had been paid and was accounted for under other non-current liabilities-other-advance receipts for ordinary share. The actual amount of \$420,000 thousand was paid up upon issuance. All relevant statutory registration procedures had been completed on February 23, 2024.

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In pursuant to the shareholders' meeting resolved on August 27, 2021, the Company was granted to issue 300 thousand shares of restricted stock as employee stock option, with a par value of \$10 per share, amounting to \$3,000 thousand, to qualified full-time employees of the Company and its subsidiaries at no costs. Thereafter, the first new restricted employee shares of 93 thousand shares were issued, wherein the chairman had been authorized to set the base date on August 14, 2023, based on a resolution decided during the board meeting held on August 8, 2023. All statutory registration procedures had since been completed. Please refer to note 6(s) for information on the Company's restricted employee new shares.

On June 30, 2023, the Company has recovered 4 thousand new restricted employee shares, with a par value of \$37 thousand, due to its employee turnover, resulting in the Company to reduce its capital, with the base date set on August 15, 2023, in which an adjustment was made to capital surplus and unearned employee remuneration by \$603 thousand and \$640 thousand, respectively. All relevant statutory registration procedures were completed on August 31, 2023.

On December 31, 2022, the Company has recovered 2 thousand new restricted employee shares, with a par value of \$20 thousand, due to its employee turnover, resulting in the Company to reduce its capital, with the base date set on March 10, 2023, in which an adjustment was made to capital surplus and unearned employee remuneration by \$326 thousand and \$346 thousand, respectively. All relevant statutory registration procedures were completed on March 16, 2023.

In September 2022, the Company has recovered 9 thousand new restricted employee shares, with a par value of \$86 thousand, due to its employee turnover, resulting in the Company to reduce its capital, with the base date set on August 31, 2022, in which an adjustment was made to capital surplus and unearned employee remuneration by \$1,488 thousand each, based on a resolution decided during the board meeting held on August 10, 2022. All relevant statutory registration procedures were completed on September 16, 2022, wherein the adjusted capital surplus of \$86 thousand was canceled.

(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital at premium	\$ 400,247	373,795
Restricted stock to employee	11,951	9,454
Share option –equity components recognized for convertible bonds issued	93,058	93,058
Recognition of changes in ownership interest in subsidiaries	666	-
	<u><u>\$ 505,922</u></u>	<u><u>476,307</u></u>

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The Company's capital surplus is derived from the premiums on the issuance of ordinary shares. In accordance with the ROC Company Act, the capital surplus must be used to offset losses, then the realized capital surplus can be used to issue new shares or cash in proportion to the shareholders' original shares. The aforementioned realized capital surplus includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

(iii) Retained earnings

In accordance with the Articles of Incorporation of the Company, if there is any surplus in the annual earnings of the Company, in addition to the payment of tax contributions in accordance with the law, the Company shall first make up for the loss in previous years and provide for the legal reserve in accordance with the law. To set aside or reverse the special reserve and combine its balance to the unallocated earnings at the beginning of the period as distributable earnings, to be retained at the discretion of the Board with reference to the distribution rate of prior years' earnings and future operating demands of the Company, Further, in respect of the retained earnings, the Board shall propose a distribution proposal for the earnings to be distributed in the form of issuing new shares, which shall be submitted to the general shareholders' meeting for resolution for distribution. For distribution be made in cash, the board of directors is authorized to distribute by special resolution and then be reported to the shareholders' meeting.

The dividend policy of the Company is based on the residual dividend policy in order to continue to expand business size and to increase the profitability, and to tie in with the Company's capital requirements as well as long-term financial planning for sustainable operation and stable development. Dividends shall be distributed on the basis of not less than 15% of the distributable earnings, provided that any dividend per share which is less than \$0.25 as a result of such distribution may be proposed by the Board not to be distributed and then submitted to the Shareholders' meeting for recognition. The earnings distribution may be distributed by way of cash dividend and/or stock dividend. The distribution ratio for cash dividend should not be less than 10% of the total dividend distribution.

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

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2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First time Adoption of International Financial Reporting Standards" during the Company's first time adoption of the International Financial Reporting Standards endorsed by the FSC, retained earnings increased by \$28,767 thousand by recognizing the cumulative translation adjustments (gains) on the adoption date as deemed cost. In accordance with Order No. 1010012865 issued by the FSC on April 6, 2012, the increase in retained earnings (\$28,767 thousand) due to the first time adoption of IFRSs shall be reclassified as special reserve, and when the relevant asset is used, disposed of, or reclassified, this special reserve, shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to \$28,767 thousand as of December 31, 2023 and 2022.

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of earnings

The appropriations of 2022 and 2021 earnings have been approved by the Company's shareholders in its meetings held on March 14, 2023 and March 23, 2022, respectively. The appropriations and dividends per share were as follows:

	2022		2021	
	Amount per share (dollars)	Total Amount	Amount per share (dollars)	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.50	<u>163,489</u>	3.00	<u>140,165</u>

On March 13, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share (dollars)	Total Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 2.60	<u>130,763</u>

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

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(iv) Other equity interest, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Share-based payments - Unearned compensation cost	Total
Balance at January 1, 2023	\$ (23,307)	9,222	(1,859)	(15,944)
Exchange differences on translation of net assets of foreign operations	(9,731)	1,014	-	(8,717)
Restricted stock to employee adjustments	-	-	(11,895)	(11,895)
Share-based payment	-	-	3,755	3,755
Balance at December 31, 2023	<u>\$ (33,038)</u>	<u>10,236</u>	<u>(9,999)</u>	<u>(32,801)</u>
Balance at January 1, 2022	\$ (43,114)	32,252	(15,069)	(25,931)
Exchange differences on translation of net assets of foreign operations	19,807	-	-	19,807
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(23,030)	-	(23,030)
Restricted stock to employee adjustments	-	-	1,488	1,488
Share-based payment	-	-	11,722	11,722
Balance at December 31, 2022	<u>\$ (23,307)</u>	<u>9,222</u>	<u>(1,859)</u>	<u>(15,944)</u>

(s) Sharebased payment

(i) The information of the Company's restricted employee shares (in thousands) is as follows:

The restricted stock is kept by a trust, which is appointed by the Company, before the vesting condition is met. These shares shall not be sold, pledged, transferred, gifted, hypothecated or disposed of by any other means to third parties during the custody period. Holders of restricted stock awards are entitled to the same rights as the Company's existing ordinary shareholders except for the fact that restricted stock awards are held in trust and have vesting conditions. Also, the Company has the right to take back all unvested shares without compensation and to cancel all restricted stock awards issued to employees who fail to comply with the vesting condition.

	Second Restricted Employee Shares for the year ended December 31, 2021 (issued in 2023)	Second Restricted Employee Shares for the year ended December 31, 2020 (issued in 2021)	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Grant date	August 14, 2023	August 16, 2021	October 5, 2020
Number of options granted (thousand shares)	93 (Note 1)	126	500
Contract term (years)	1~3	1~2	1~2
Vesting conditions	Note 2	Note 3	Note 3
Exercise price per share (dollars)	\$0	\$0	\$0
Adjusted performance price (dollars)	\$0	\$0	\$0

Note 1: 54 thousand shares to employees of the Company and 39 thousand shares to employees of the Company's subsidiary, Auray Technology Corp.

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Note 2: Vesting conditions

(i) years of service

- 1) 30% of the shares are vested in employees who remain in service for one year after receiving the restricted employee shares. The number of options granted will be based on the individual's performance as stated below:
- 2) 30% of the shares are vested in employees who remain in service for two years after receiving the restricted employee shares. The number of options granted will be based on the individual's performance as stated below:
- 3) 40% of the shares are vested in employees who remain in service for three years after receiving the restricted employee shares. The number of options granted will be based on the individual's performance as stated below:

(ii) individual performance

Since the year of issuing new restricted employee shares, an employee who scores a personal performance of indicator A, B, C, and D, will be entitled to 100%, 75%, 25%, and 0% vested shares, respectively.

Note 3: Vesting conditions

(i) years of service

- 1) 25% of the shares are vested in employees who remain in service for one year after receiving the restricted employee shares.
- 2) 25% of the shares are vested in employees who remain in service for two years after receiving the restricted employee shares.

(ii) individual performance

- 1) In the year of receiving the restricted employee shares, an employee scores personal performance indicator A will be entitled to 25% vested shares; an employee scores personal performance indicator B will be entitled to 15% vested shares; an employee scores personal performance indicator C will be entitled to 5% vested shares; and an employee scores personal performance indicator D will be entitled to 0% vested shares.
- 2) In the subsequent year of receiving the restricted employee shares, an employee scores personal performance indicator A will be entitled to 25% vested shares; an employee scores personal performance indicator B will be entitled to 15% vested shares; an employee scores personal performance indicator C will be entitled to 5% vested shares; and an employee scores personal performance indicator D will be entitled to 0% vested shares.

1) Measurable parameter of fair value at grant date

The 1st and 2nd restricted employee shares for the years ended December 31, 2021 and 2020, which were issued in 2023 and 2021, were based on the fair value of the share-based payment at the closing price of \$138.5 and \$173, respectively, on the grant date.

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For the year ended December 31, 2020, the restricted employee shares had been issued twice. For the 1st issuance, the Company used the Black Scholes method in measuring the fair value of the share-based payment at the grant date as follows:

	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Fair value at the grant date (unit: New Taiwan dollars)	\$ 46.96
Exercise price (unit: New Taiwan dollars)	Free of charge
Expected volatility (%)	41.44
The expected life of the option (years)	0.18
The risk-free rate (%)	0.0622

2) Expenses recognized in profit or loss

For the years ended December 31, 2023 and 2022, the employee remuneration of \$2,547 thousand and \$11,722 thousand, respectively, were accounted for as operation expenses. For the years ended December 31, 2023, the shares granted by the Company to the employees of its subsidiary – Auray Technology Corp. as employee remuneration, amounting to \$1,208, had been recognized as investments accounted for using equity method. As of December 31, 2023 and 2022, the Company has deferred the unearned employee remuneration arising from the issuance of restricted stock awards amounting to \$9,999 thousand and \$1,859 thousand, respectively, recorded as deduction of other equity. Please refer to note 6(r) for details of changes in the Company's interests due to the issuance of restricted shares to employees.

- (ii) The information of the Company's cash capital increase reserved for employee subscription is as follows:

	Cash capital increase reserved for employee subscription
Given date	December 1, 2023
Given amount	350 (note)
Years of contract	0.16
Granting of object	All employees
Vesting condition	Immediately vested

Note: The employees of the Company subscribed 312 thousand shares, while the employees of the subsidiaries, Auray Technology Corp. and Auden Intelligence Carbon Solution Co. Ltd., subscribed 29 thousand and 9 thousand shares, respectively.

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1) Measurable parameter of fair value at grant date

The Company adopted Black Scholes option evaluation model to estimate the fair value of share-based payment at grant date amounting to \$51.5.

2) Expenses recognized in profit or loss

For the year ended December 31, 2023, the remuneration cost for employee stock option of \$16,042 thousand was accounted for as operation expense. The remuneration costs for employee stock option for the employees of the subsidiaries, Auray Technology Corp. and Auden Intelligence Carbon Solution Co. Ltd., amounting to \$1,494 thousand and \$391 thousand, respectively, were recognized as investments accounted for using equity method. Thereafter, the adjustment made to the capital reserve for employee stock option amounted to \$17,927 thousand.

(t) Earnings per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ <u>206,407</u>	<u>320,777</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	<u>46,684</u>	<u>46,527</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>4.42</u>	<u>6.89</u>
Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company (basic)	\$ 206,407	320,777
Effect of dilutive potential ordinary shares		
Convertible bonds expenses	-	5,872
Losses on financial assets at fair value through profit or loss	-	1,560
Net profit attributable to ordinary equity holders of the Company (dilutive)	\$ <u>206,407</u>	<u>328,209</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	46,684	46,527
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	44	67
Effect of the conversion of convertible bonds	-	1,658
New restricted employee shares	<u>34</u>	<u>177</u>
Weighted average number of ordinary shares outstanding (after adjusting the effect of dilutive the potential ordinary share) (in thousands of shares)	<u>46,762</u>	<u>48,429</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>4.41</u>	<u>6.78</u>

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For the year ended December 31, 2023, the Company did not include its convertible bonds in the calculation of its diluted earnings per share since those convertible bonds have antidilutive effect.

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Taiwan	\$ 357,728	238,661
Mainland China	1,020,265	1,087,497
Other countries	<u>24,880</u>	<u>27,508</u>
	<u><u>\$ 1,402,873</u></u>	<u><u>1,353,666</u></u>

(ii) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable	\$ 325,616	189,042	182,760
Accounts receivable—related parties	17,426	37,606	13,256
Less: loss allowance	<u>-</u>	<u>(31)</u>	<u>(2)</u>
Total	<u><u>\$ 343,042</u></u>	<u><u>226,617</u></u>	<u><u>196,014</u></u>
Contract liability (recognized in other current liabilities—others)	<u><u>\$ 107,709</u></u>	<u><u>164,283</u></u>	<u><u>58,372</u></u>

For the details on accounts receivable and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 included the contract liability balance at the beginning of the period were \$159,061 thousand and \$37,411 thousand, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied by transferring ownership to the customer and the payment to be received.

(v) Remuneration to employees, and directors

In accordance with the articles of incorporation the Company should contribute no less than 2% of the profit as employee remuneration and not more than 2% as directors' and supervisors' remuneration when there is profit for the year. (income before tax, excluding remuneration to employees and directors) A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding two paragraphs distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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The Company estimated its remuneration to employees amounting to \$5,324 thousand and \$7,685 thousand and directors' and supervisors' remuneration amounting to \$4,792 thousand and \$6,916 thousand for the years ended December 31, 2023 and 2022, respectively. The estimated amounts mentioned above are calculated based on the profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of the remuneration to employees and directors, as specified in the Company's article. These remunerations were expensed under operating expenses during 2023 and 2022. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the year ended December 31, 2022, the remunerations to employees amounted to \$7,685 thousand. The remuneration to directors and supervisors amounted to \$6,916 thousand. There was no difference from the actual distribution. The related information can be accessed from market observation post system website.

(w) Non-operating income and expenses

(i) Interest income

The details of interest income of the Company were as follows:

	2023	2022
Interest income from bank deposits	\$ <u>6,567</u>	<u>2,135</u>

(ii) Other income

The details of other income of the Company were as follows:

	2023	2022
Rent income	\$ <u>1,198</u>	<u>1,154</u>
Dividend income	<u>2,447</u>	<u>1,904</u>
Other income — other		
Revenues from management	3,244	4,508
Revenues from project	29,795	43,119
Others	<u>2,268</u>	<u>1,657</u>
Other income — other subtotal	<u>35,307</u>	<u>49,284</u>
	<u>\$ 38,952</u>	<u>52,342</u>

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(iii) Other gains and losses

The details of other gains and losses of the Company were as follows:

	<u>2023</u>	<u>2022</u>
Loss on disposal of property, plant and equipment	\$ 1,438	1
Gains (loss) on disposals of subsidiaries	-	(3,488)
Net on foreign exchange gains (losses)	4,240	49,989
Net loss on financial assets or liabilities at fair value through profit and loss	(80)	(1,560)
Miscellaneous disbursements	-	(56)
	<u>\$ 5,598</u>	<u>44,886</u>

(iv) Finance cost

The details of finance cost of the Company were as follows:

	<u>2023</u>	<u>2022</u>
Interest on bank borrowings	\$ 4,267	2,935
Interest expenses on lease liabilities	36	44
Discount amortization of corporate bonds payable	4,103	3,872
The guarantee service fee of corporate bond	4,000	2,000
	<u>\$ 12,406</u>	<u>8,851</u>

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, 55% and 55%, respectively, of accounts receivable (including related parties) were three major customers.

3) Credit risk of accounts receivable

For credit risk exposure of note and trade receivables, please refer to note 6(c). For details of other receivables, please refer to note 6(d). These are mainly rebates from suppliers, revenues from government projects and other receivables and are therefore financial assets with low credit risk.

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(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-5years</u>	<u>Over 5 years</u>
December 31, 2023						
Short-term loans	\$ 50,000	50,177	50,177	-	-	-
Notes payable	123	123	123	-	-	-
Accounts receivable (related parties included)	207,788	207,788	207,788	-	-	-
Other payables (related parties included)	221,592	221,592	221,592	-	-	-
Lease liabilities	1,993	2,008	1,711	297	-	-
Long-term borrowings (including current portion)	190,000	222,850	9,224	14,619	42,562	156,445
Bonds payables	395,662	400,000	-	400,000	-	-
Guarantee deposits	130	130	130	-	-	-
	<u><u>\$ 1,067,288</u></u>	<u><u>1,104,668</u></u>	<u><u>490,745</u></u>	<u><u>414,916</u></u>	<u><u>42,562</u></u>	<u><u>156,445</u></u>
December 31, 2022						
Notes payable	\$ 123	123	123	-	-	-
Accounts receivable (related parties included)	173,123	173,123	173,123	-	-	-
Other payables (related parties included)	180,962	180,962	180,962	-	-	-
Lease liabilities	3,954	4,005	1,997	1,711	297	-
Long-term borrowings (including current portion)	190,000	224,152	3,430	8,988	42,582	169,152
Convertible bonds payable	391,559	400,000	-	-	400,000	-
Guarantee deposits	130	130	130	-	-	-
	<u><u>\$ 939,851</u></u>	<u><u>982,495</u></u>	<u><u>359,765</u></u>	<u><u>10,699</u></u>	<u><u>442,879</u></u>	<u><u>169,152</u></u>

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk exposure

The Company's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	
Financial assets							
Monetary items							
USD	\$	18,934	30.7050	581,382	16,872	30.7100	518,141
CNY		11,987	4.3270	51,868	12,632	4.4080	55,683

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	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,688	30.7050	82,543	2,904	30.7100	89,178
CNY	34,613	4.3270	149,771	20,877	4.4080	92,027

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, loans, accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 3% of the NTD against the USD, the CNY at December 31, 2023 and 2022, would have increased or decreased the profit before tax by \$9,622 thousand and \$9,423 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Company, the Company disclosed its exchange gains and losses of monetary items aggregately. The Company's exchange gains (losses), including realized and unrealized, were \$4,240 thousand and \$49,989 thousand for the years ended December 31, 2023 and 2022, respectively.

(iv) Fair value information

1) Categories and fair value of financial instruments

The Company measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, includes cash and cash equivalent, notes receivable, accounts receivable, other receivables, other financial assets - current and non-current, bank borrowings, notes payable, accounts payable, other payables, lease liabilities, corporate bonds payable and deposits of margins, and is not required to disclose fair value information according to the regulations

	Carrying amount	December 31, 2023			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Equity instrument without quoted price measured at fair value	\$ <u>86,172</u>	<u>-</u>	<u>-</u>	<u>86,172</u>	<u>86,172</u>

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		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Convertible bonds- redemption right	\$	<u>80</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>80</u>
Financial assets measured at fair value through other comprehensive income						
Equity instrument without quoted price measured at fair value	\$	<u>84,158</u>	<u>-</u>	<u>-</u>	<u>84,158</u>	<u>84,158</u>

2) Valuation techniques and assumptions used in fair value determination

The above financial instruments held by the Company are not derivative financial instruments, the Company estimated the fair value of the remaining financial instruments by using the valuation techniques. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Company have no active market, the measurements of fair value are categorized as follows:

Equity instruments without quoted price: the measurements of fair value of equity instruments without an active market are based on income approach, the market comparable listed company approach or comparable transaction method of market approach, the market comparable listed company approach assumes that the fair value is measured by the investee' estimated net worth of equity, enterprise value and price-book ratio, enterprise value multiplier and price earnings ratio multiplier estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security. The income approach is individually assessed on the average net profit after tax and dividends of the evaluated companies in recent years, and on the average capitalization and yield of the comparable company.

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There is no movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3 for the Company.

- 4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There were no level transfers from Level 2 to Level 1 in 2023 and 2022.

- 5) The reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2023	\$ 84,158
Total gains and losses	
Recognized in other comprehensive income	1,014
Purchase	<u>1,000</u>
Balance at December 31, 2023	\$ 86,172
Balance at January 1, 2022	\$ 71,326
Total gains and losses	
Recognized in other comprehensive income	(23,030)
Purchase	<u>35,862</u>
Balance at December 31, 2022	\$ 84,158

- 6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income.

The Company classified the equity investment has significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

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Quantified information regarding significant unobservable inputs are as follows:

December 31, 2023			
Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without an active market	Comparable listed companies approach	• P/B ratio (1.81 and 3.55) • The multiplier of enterprise Value and EBITDA (14.05) • Discount for lack of market liquidity (25.10%~30%)	• The higher the multiples, the higher the fair value • The higher the multiples, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
December 31, 2022			
Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without an active market	Comparable listed companies approach	• P/B ratio (2.02 and 3.61) • The multiplier of enterprise Value and EBITDA (8.7) • Discount for lack of market liquidity (29.96%~30%)	• The higher the multiples, the higher the fair value • The higher the multiples, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

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- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Inputs	Upward or downward movement	Other comprehensive income arising from changes in fair value	
			Favorable	Unfavorable
Balance at December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	939	(939)
	The multiplier of enterprise Value and EBITDA	5%	638	(634)
	Discount for lack of market liquidity	5%	6,209	(6,153)
Balance at December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	633	(1,344)
	The multiplier of enterprise Value and EBITDA	5%	1,100	(1,073)
	Discount for lack of market	5%	3,218	(3,789)

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

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(y) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note discloses information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks, and the Company's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Board of Directors of the Company is full responsible for the establishment and management of the Company's risk management framework. The Chairman is responsible for the development and control of the Company's risk management policy and reports regularly to the Board of Directors on its operation.

The Company's risk management policies are established to identify and analyze the risks being faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and financial assets in debt securities.

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1) Accounts receivable and other receivables

In accordance with the credit policies set out internally by the Company, each operating entity within the Company is required to perform management and credit risk analysis on each of its new customers before setting the terms and conditions for payment and delivery. Internal risk controls assess the credit quality of customers by taking into account of their financial position, past experience and other factors. The use of credit facilities is monitored on a regular basis.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by The Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Company do not have compliance issues and no significant credit risk.

3) Guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Company has business with.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that there is sufficient cash to meet all contractual obligations. The Company has unused bank facilities for \$158,567 thousand as of December 31, 2023.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

1) Foreign currency risk

The Company's exposure to the risk of fluctuation in foreign currency exchange rates relates primarily to the Company's sales, purchases, and borrowings transactions, and those are denominated in a currency different from the functional currencies of the Company. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD) and Chinese Yuan (CNY).

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The Company has no significant differences or material changes in the accounts receivable and therefore the Company currently uses natural hedging as its primary exchange risk prevention policy in respect of exchange rate risk.

2) Interest rate risk

The financial assets of the Company suffers from fair value risk of their changes in interest rates, are bank deposits; financial liabilities are short-term and long-term borrowings; however, the effect of changes in interest rates on fair value of such financial assets is not significant.

(z) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year.

The Company uses the debt to equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

Information on the aggregate amount of the items under the capital management of the Company is as follows:

	December 31, 2023	December 31, 2022
Liabilities	\$ <u>1,303,262</u>	<u>1,214,231</u>
Total equity	\$ <u>1,662,359</u>	<u>1,606,762</u>
Debt-to-equity ratio	<u>78.40</u> %	<u>75.57</u> %

(aa) Investing and financing activities not affecting cash flows

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2023 and 2022, were as follows:

	January 1, 2023	Cash flows	Non-cash changes				December 31, 2023
			Changes in lease payments	Foreign exchange movement	Interest expense	Others	
Short-term borrowing	\$ -	50,000	-	-	-	-	50,000
Bonds payables	391,559	-	-	-	4,103	-	395,662
Long-term borrowings	190,000	-	-	-	-	-	190,000
Lease liabilities	3,954	(1,961)	-	-	-	-	1,993
Total liabilities from financing activities	\$ <u>585,513</u>	<u>48,039</u>	<u>-</u>	<u>-</u>	<u>4,103</u>	<u>-</u>	<u>637,655</u>

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	January 1, 2022	Cash flows	Non-cash changes				December 31, 2022
			Changes in lease payments	Foreign exchange movement	Interest expense	Others	
Bonds Payable	\$ -	479,105	-	-	3,872	(91,418)	391,559
Long-term borrowings	190,000	-	-	-	-	-	190,000
Lease liabilities	403	(1,682)	5,233	-	-	-	3,954
Total liabilities from financing activities	<u>\$ 190,403</u>	<u>477,423</u>	<u>5,233</u>	<u>-</u>	<u>3,872</u>	<u>(91,418)</u>	<u>585,513</u>

Only part of the investment activities paid with cash by the Company acquired the property, plant and equipment. The cash flow information is as follows:

	2023	2022
Property, plant and equipment purchases	\$ 223,133	77,828
Add: Payable on machinery and equipment at beginning of period	20,743	1,279
Less: Ending balance of payable on machinery and equipment	(877)	(20,743)
Cash payments	<u>\$ 242,999</u>	<u>58,364</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties during the periods covered in the parent company only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
AUDEN TECHNO (BVI) CORPORATION (AUDEN BVI)	Subsidiary of the Company
LUCKY RITE INTERNATIONAL CO., LTD. (LUCKY)	Subsidiary of the Company
AUDEN TECHNO VIETNAM CO., LTD.	Subsidiary of the Company (note 1)
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Subsidiary of the Company
Auden Techno Corp. (Shanghai)	Subsidiary of the Company
TA Technology (Shanghai) Co.,Ltd (TA Technology (Shanghai))	Subsidiary of the Company (note 2)
Auray Technology Corp.	Subsidiary of the Company
Auden Intelligence Carbon Solution Co. Ltd.	Subsidiary of the Company
Yaoke Investment Co., Ltd.	Same chairman with the Company

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Chang, Yu-Pin	Chairman of The Company
Auden BingNan Education Foundation	Foundation of the Company

Note 1: The Company established a new subsidiary located in Vietnam in January 2023.

Note 2: The Company disposed the equity interests in its subsidiary in December 2022.

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales transactions between the Company and its related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiaries		
Auden Techno Corp. (Shanghai)	\$ 144,823	171,372
Subsidiaries	<u>6,965</u>	<u>5,060</u>
	<u>\$ 151,788</u>	<u>176,432</u>

The pricing of equipment sales transactions with other related parties by the Company is not significantly different from that of regular vendors. The payment terms for antenna purchase from related parties were 90 days after purchase. The payment terms with related parties were not materially different from those with third parties.

(ii) Purchases

The amounts of significant purchase transactions between the Company and its related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiaries		
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	<u>\$ 439,084</u>	<u>334,003</u>

The Company purchased the products from related party, and none of such products are purchased from the general manufacturer and therefore the purchase price of the products is not comparable. The payment terms of purchase transactions with related parties were 90 days, which was not significantly different from those offered by other vendors.

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(iii) Receivables from related parties

As the result of the aforementioned transactions, the details of the Company's receivable from its related parties were as follows:

<u>Account</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	Subsidiaries		
	Auden Techno Corp. (Shanghai)	\$ 17,426	36,436
	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	-	1,170
		<u>17,426</u>	<u>37,606</u>
Other receivables	Subsidiaries		
	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	19,423	17,162
	Auray Technology Corp.	-	44,237
		<u>19,423</u>	<u>61,399</u>
		<u>\$ 36,849</u>	<u>99,005</u>

As of December 31, 2023 and 2022, no account receivables from related party were recognized as loss allowance for impairment loss

(iv) Payables to related parties

The details of the Company's payable to its related parties were as follows:

<u>Account</u>	<u>Related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Subsidiaries		
	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	\$ 160,297	101,550
	Auden Techno Corp. (Shanghai)	643	-
		<u>160,940</u>	<u>101,550</u>
Other payables	Subsidiaries		
	Auden Techno Corp. (Shanghai)	10	171
	Auray Technology Corp.	345	115
		<u>355</u>	<u>286</u>
		<u>\$ 161,295</u>	<u>101,836</u>

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(v) Rental income

The lease income to related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiaries		
Auray Technology Corp.	\$ 658	658
Auden Intelligence Carbon Solution Co. Ltd.	<u>11</u>	<u>5</u>
	<u>\$ 669</u>	<u>663</u>

The Company leased laboratories to its subsidiaries, Auray Technology Corp and Auden Intelligence Carbon Solution Co. Ltd in the years ended December 31, 2023 and 2022 and collects rent at an agreed rate between the two parties for a term of 30 days per month.

(vi) Revenues from management

For the years ended December 31, 2023 and 2022, the expenses arising from prepayment of salary on behalf of subsidiary and revenue from rendering management service were amounted to \$4,756 thousand and \$4,508 thousand, respectively.

(vii) Service expenses

The amounts of service rendered by the subsidiaries were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiaries		
Auray Technology Corp.	\$ 1,679	-
Auden Intelligence Carbon Solution Co. Ltd.	<u>248</u>	<u>-</u>
	<u>\$ 1,927</u>	<u>-</u>

The amounts and the payment term offered by the subsidiaries to the Company were not different from those of the general customers.

(viii) Property transactions

The Company sold fixed assets and computer software to its subsidiaries, namely, Auray Technology Corp, for a total price amounting to \$40,313 thousand and \$1,563 thousand, respectively, for a total sum amounting to \$41,876 thousand. The payments have not been collected as of December 31, 2022 and were accounted for as other receivables due from related parties. As of December 31, 2023, the receivables have been fully collected.

AUDEN TECHNO CORP.
Notes to the Parent Company Only Financial Statements

(ix) Donation

In order to fulfill its corporate social responsibility, the Company engages in cultural and educational welfares activities to give back to the community by setting up a national charity called "Auden BingNan Education Foundation", at the amounts of \$2,400 thousand and \$30,000 thousand, totaling \$32,400 thousand, based on the resolutions decided during its board meeting held on March 14, 2023 and November 8, 2022, respectively. Upon the establishment of the foundation, the Chairman has been fully authorized to deal with relevant matters. The Company funded the amount of \$30,000 thousand to establish a foundation; and thereafter, donated the amount of \$1,200 thousand to the said foundation. The amount totaling \$31,200 thousand had been accounted for under administrative expense-donation.

(c) Management personnel compensation

Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 45,609	37,558
Share-based payment	<u>2,549</u>	<u>3,935</u>
Total	<u><u>\$ 48,158</u></u>	<u><u>41,493</u></u>

Please refer to note 6(s) for the details of share-based payment.

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Other non-current financial assets			
Time deposits	Convertible bonds	\$ 80,000	80,000
Time deposits	Guarantee fund of Customs Duty	1,111	1,100
Property, plant, and equipment:			
Land and buildings	Short-term and long-term borrowings	291,801	292,828
Investment property			
Land and building	Short-term and long-term borrowings	32,795	33,029
		<u><u>\$ 405,707</u></u>	<u><u>406,957</u></u>

AUDEN TECHNO CORP.
Notes to the Parent Company Only Financial Statements

(9) Commitments and contingencies

(a) The aggregate unpaid amounts of contracts are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ <u>482,231</u>	<u>9,475</u>

The Company entered into an agreement on March 7, 2023 for the construction of its office building. For the amounts of payments that have been made, please refer to note 6(h).

(b) The Company issued a performance bond guarantee by the bank for the business needs on December 31, 2023 and 2022. The guarantee amounts were \$3,433 thousand and \$16,496 thousand, respectively. The guarantee period outlined in guarantee letter is from August 8, 2023 to June 30, 2024, and March 24, 2022 to June 30, 2023, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: Please refer to note 6(r).

(12) Other

A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function By nature	Year ended December 31 2023			Year ended December 31 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	-	190,522	190,522	-	213,263	213,263
Labor and health insurance	-	12,396	12,396	-	11,634	11,634
Pension	-	6,400	6,400	-	6,226	6,226
Directors' remuneration	-	6,298	6,298	-	9,241	9,241
Others	-	6,934	6,934	-	6,556	6,556
Depreciation	-	23,206	23,206	-	22,993	22,993
Amortization	-	4,328	4,328	-	4,310	4,310

The Company's number of employees and additional information on employee benefits for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Number of employees	<u>133</u>	<u>124</u>
Number of non employees directors	<u>7</u>	<u>7</u>
Average employee benefit	\$ <u>1,716</u>	<u>2,031</u>
Average salary	\$ <u>1,512</u>	<u>1,823</u>
Adjustment of mployees' average salary	<u>(17)%</u>	
Supervisor remuneration	\$ <u>-</u>	<u>-</u>

AUDEN TECHNO CORP.
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The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

Directors' remuneration of the Company is subjected to Article 19 of the Articles of Incorporation, if the Company makes a profit this year, the director's remuneration shall be allocated less than 2%. Since the remuneration is cap at certain percentage of the earnings for the year. Therefore, it is highly relevant to the operational performance of the Company.

For remuneration to the directors, in addition to making reference to the Company's past operating performance payments, the criteria, structure and system for the remuneration to directors' will be adjusted flexibly in the light of future risk factors, that is, when the economy outlooks is gloomy or the operational risks of the Company increase; the directors' remuneration will be adjusted accordingly and the results of the Board's performance evaluation will be taken into account as an important consideration in the allocation.

The remuneration of managers and employees can be divided into three categories including salaries, bonuses and employee remuneration. The salary is set at the rate to property reflect work performance while considering factors such as job performance, overall environment and market standards. The bonus links departmental operational performance and performance of individual employees in order to process and to retain outstanding talents in accordance with the relevant regulations governing the administration of employees' salaries and benefits and the regulations governing the new restricted employees shares. The remuneration to employees is based on the provisions of Article 19 of the Articles of Incorporation, if the Company makes a profit this year, the remuneration to employees shall be allocated less than 2%. Since the remuneration is cap at certain percentage of the earnings for the year. Therefore, it is highly relevant to the operational performance of the Company.

The remuneration mentioned above, in addition to making reference to domestic and foreign industry peers as well as past operational performance of the Company. The distribution standards, structure and system shall be reviewed timely, taking in account actual operating conditions and changes in pertinent statutory requirements, so as to prevent executives from pursuing compensation by exceeding the Company's risk appetite. In addition, the Company's compensation Committee regularly assesses the compensation to executives and submits recommendations to the Board of Directors for approval in order to balance the Company's business sustainability with risk control.

AUDEN TECHNO CORP.

Notes to Interim Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company in 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 2)	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements (Note 2)	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements (Note 2)	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company (Note 1)										
1	AUDEN TECHNO (BVI) CORPORATION	AUDEN TECHNO VIETNAM CO., LTD.	4	113,023	61,410	61,410	-	61,410	10.87 %	226,047	N	N	N

Note 1: The total amount of guarantee shall not exceed 40% of the Company's net worth. The total amount of guarantee provided by the Company to any individual entity shall not exceed 20%

Note 2: The calculation was based on the accumulated amounts of guarantees and endorsements divided by the net worth of the latest audited financial statements.

Note 3: The relationship between guarantor and guarantee is as follows:

- 1) A company wherein it has business transaction with.
- 2) A company in which the public company, directly and indirectly, holds more than 50% of the voting shares.
- 3) A company who holds, directly and indirectly, more than 50% of the voting shares in the public company.
- 4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- 5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project
- 6) A company wherein all capital contributing shareholders endorse/ guarantee for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-constructed building pursuant to the Consumer Protection Act for each other.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of units	Book value	Holding percentage	Market value	
The Company	Stock: Ceradex Corporation	—	Financial assets at fair value through other comprehensive income — non-current	636,130	11,635	8.20 %	11,635	
The Company	TMY TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income — non-current	800,000	7,120	2.08 %	7,120	
The Company	WHALETEQ CO., LTD	—	Financial assets at fair value through other comprehensive income — non-current	452,800	18,777	8.81 %	18,777	
The Company	SOIC Marine Solutions Co., Ltd.	—	Financial assets at fair value through other comprehensive income — non-current	100,000	1,000	7.14 %	1,000	
The Company	Dotspace, Inc.	—	Financial assets at fair value through other comprehensive income — non-current	12,000,000	47,640	16.79 %	47,640	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

AUDEN TECHNO CORP.

Notes to Interim Financial Statements

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	The construction of the factory was carried out by the local commission	2023.3.7	724,500	Note 2	Fu Tai Construction Co., Ltd.	None	None	None	None	-	None	Expand R&P energy respond to future operational development needs	None

Note 1: The transaction amount (including tax) and the tax-free amount should be \$724,500 thousand and \$690,000 thousand, respectively.

Note 2: As of December 31, 2023, the amount of \$213,157 thousand that had been paid was recorded as construction in progress according to the contract.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / (Sale)	Amount (Note 1)	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance (Note 1)	Percentage of total accounts / notes receivable (payable)	
The Company	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Subsidiaries	Purchase	439,084	56.14 %	Note 1	-	Note 2	(160,297)	(77.09)%	
The Company	Auden Techno Corp. (Shanghai)	Subsidiaries	Sales	144,823	10.32 %	Note 1	-	Note 3	17,426	5.08 %	

Note 1: There were no significant differences in the selling prices and trading terms between related parties and regular customers.

Note 2: The Company purchased the products from related party, and none of such products are purchased from the general manufacturer and therefore the purchase price of the products is not comparable. The payment terms of purchase transactions with related parties were not significantly different from those offered by other vendors.

Note 3: There were no significant differences in the selling prices and trading terms between related parties and regular customers.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock

(In Thousands of New Taiwan Dollars)								
Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (note 1)	Allowances for bad debts
					Amount	Action taken		
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Company	Subsidiaries	160,297	3.35	-		47,609	-

Note 1: For period ended March 1, 2024.

- (ix) Trading in derivative instruments: Please refer to note 6(n)

AUDEN TECHNO CORP.

Notes to Interim Financial Statements

(b) Information on investees

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: in thousands of dollars

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (loss) of investee (note 1)	Investment income (loss) (note 1)	Remarks
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
The Company	AUDEN BVI	The British Virgin Islands	Investment Holding (investee)	113,861 (USD3,399)	113,861 (USD3,399)	3,398,888	100.00 %	564,243	29,434	29,889	(Note 3)
The Company	LUCKY	MAURITIUS	Investment Holding (investee)	62,117 (USD1,998)	62,117 (USD1,998)	1,997,980	100.00 %	158,769	14,925	15,113	(Note 3)
The Company	Auray Technology Corp.	Taiwan	Tests of communication products	100,000	60,000	10,000,000	100.00 %	90,876	(5,761)	(5,761)	(Note 4)
The Company	Auden Intelligence Carbon Solution Co. Ltd.	Taiwan	Carbon reduction consultation and assistance improvements	24,000	10,000	2,400,000	80.00 %	19,136	(6,417)	(5,768)	
BVI	AUDEN VIETNAM	Vietnam	Manufacture and sales of various types of antenna and other optical equipment and instruments	61,856 (USD2,000)	-	200,000	100.00 %	46,040	(13,868)	(13,868)	

Note 1: The carrying amounts and investment profit are calculated based on the financial statements of the investee company auditor by the accountants for the same period.

Note 2: Transactions between the Company and each subsidiary of the consolidated entity, including the amount of business transaction, accounts receivable, accounts payable, carrying amount of long-term investments and investment profit recognized for the period, have been eliminated in the preparation of the consolidated financial statements.

Note 3: The difference between investment profit recognized for the period and current profit and loss of investee is arising from sidestream transactions.

Note 4: The difference between investment profit recognized is effect of IFRS16.

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information

Unit: in thousands of dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2023	Net income (losses) of the investee	Direct / indirect investment holding percentage	Investment income (losses) (note 2)	Book value (note 2)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Manufacture and sales of various types of antenna and other optical equipment and instruments	76,763 (USD2,500)	2	76,763 (USD2,500)	-	-	76,763 (USD2,500)	-	100.00 %	47,470	330,884	75,367
Auden Techno Corp. (Shanghai)	Sales of instruments	46,058 (USD1,500)	2	46,058 (USD1,500)	-	-	46,058 (USD1,500)	-	100.00 %	16,593	85,440	-

Note 1: Three types of investment method are as follows:

1. Direct investment in Mainland China.
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (AUDEN BVI and LUCKY ATL Seychelles)
3. Others

Note 2: The carrying amounts of investment as of December 31 and investment profit recognized by the Company are calculated based on the financial statements of the investee company auditor by the parent company's accountants for the same period.

Note 3: At the end of the period, the exchange rate of USD to NTD is 1:30.705 and the exchange rate of RMB to NTD is 1:4.327, except that the outward exchanges in current period were stated at the actual amount.

AUDEN TECHNO CORP.

Notes to Interim Financial Statements

(ii) Limitation on investment in Mainland China

Unit: in thousands of dollars

Company Name	Accumulated investment amount in Mainland China as of 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
Auden Techno Corp.	192,152 (USD 6,258) (note 3)	199,705 (USD 6,504) (note 3)	997,415 (note 1)

Note 1: The higher of 60% of net or the Company's net value.

Note 2: At the end of the period, the exchange rate of USD to NTD is presented as 1:30.705.

Note 3: Includes the investment amount of USD 250 thousand of the liquidated CC&C (Chengdu), investment amount of USD 2,008 thousand of the disposal of TA Technology (Shanghai) Co., Ltd.

(iii) Significant transactions

The Company's significant indirect and direct transactions with investment in Mainland China for the year ended December 31, 2023, please refer to note 13(a).

(d) Major shareholders

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Yaoke Investment Co., Ltd.		3,621,102	7.73 %
Yaohong Investment Co., Ltd.		2,601,000	5.55 %

(14) Segment information

Please refer to the year 2023 consolidated financial statements.

Auden Techno Corp.

Chairman : Chang, Yu-Pin

