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Auden Techno Corporation
PERFECT STATUS,
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Stock Code : 3138

2022

Annual Report

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Annual Report is available at : <http://www.auden.com.tw>



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One. Letter to Shareholders

Dear Shareholders,

In the face of ongoing global economic, environmental and geopolitical challenges, Auden Techno and all our colleagues have stood side by side, overcoming various crisis. Despite the prevailing uncertainty in the overall business environment, we remain firmly committed to upholding the principles of “integrity and innovation.” Our company has not only cultivated a strong research and development capability but also actively diversified our product portfolio, monitored market demands and also enhanced our services to deliver more impressive results. We are grateful for the support of our shareholders over the past year, and we pledge to achieve excellent performances as a way to reciprocate their trust and provide them with favorable returns.

I. The Operating Performance

(I) The implementation of the business plan

The company mainly engages in the field of wireless communication and other related products, focusing on sales of high-tech, and high-value-added products, and continuously investing in research and development resources to enhance our R&D capabilities. We are dedicated to developing marketable new technologies and products, while promoting the commercialization of new products to drive growth momentum for our business operations and enhance our competitive edge.

In 2022, the global economic growth began to slow down due to the multiple impacts of the COVID-19 pandemic, geopolitical tension, and inflation. This has amplified operational uncertainties and risks for enterprises. Therefore, our company not only continues to focus on investing in products and technology, but also places greater emphasis on enhancing overall operational flexibility and risk management to cope with the highly uncertain business environment and potential risk in the future.

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 2022 was NT\$1,718,039 thousand, an increase of 20% compared with NT\$1,432,826 thousand in 2021; net income of the consolidated period in 2022 was NT\$323,589 thousand, an increase of 13% compared with NT\$285,329 thousand in 2021; basic earnings per share in 2022 was NT\$6.89.

(II) Budget implementation

The Company has not provided a financial forecast for 2022, so it is not applicable.

(III) Analysis of receipts, expenditures, and profitability

Unit: In thousands of New Taiwan Dollar

Annual Item	2021	2022
Operating Revenue	1,432,826	1,718,039
Gross Profit on sale	605,359	693,824
Operating expenses	450,232	597,897
Operating Income	155,127	95,927
Non-operating income and expenses	160,536	306,070
Profit before tax	315,663	401,997
Net Profit	285,329	323,589
Net Profit (attributable to the parent company)	275,969	320,777
Total Comprehensive Income for the year	275,226	321,398
Return on Equity	22.52	21.70
Net Profit Margin	19.91	18.83
Earnings per Share (After-tax)/NT\$	5.96	6.89

II. The Operating Prospect

Antenna system

Antenna is the main technical core of the company and the main source of revenue and profit. In order to obtain the first opportunity in the 5G market, the company will continue to invest resources in the development of software and hardware technology, so as to enhance the technical strength and enhance the market competitiveness. By virtue of long-term accumulation of profound core technology and research and development achievements, the company will introduce into mobile communication, Internet of Things, biomedicine and other related fields.

Sales of measurement equipment

The measurement equipment is mainly the agent of SPEAG wireless wave energy absorption measurement equipment of Switzerland, and provides after-sales service and technical support services on behalf of the original factory. Since this product has market exclusivity, the company will continue to provide stable revenue and profit. In the future, besides maintaining the market share of the agent products, we will also actively negotiate with the marketable measuring equipment agency, so as to enhance the operating momentum.

Testing and certification services for wireless communication network

To help customers to quickly pass the global government, alliance and enterprise standards or obtain various kinds of recognition, accelerate the process of customer products from research and development to the market, also combined with the products of other business groups, to provide customers with wireless communication electronic products integration services.

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

External Competitive Environment

In the development of the telecommunications industry, antenna design and wireless communication technology play a critical role. With the continuous development of wireless communication technology, such as 5G, Low Earth Orbit (LEO) satellite, IoT, V2X, etc., the requirements for antenna products and technology are also constantly increasing. By optimizing antennas to more efficient, smaller, and more reliable designs or system-level antenna designs (satellite systems), companies can improve the quality and competitiveness of their products and services. In terms of the market, the development of antenna technology can significantly improve the performance and user experience of communication products. For example, efficient antennas can increase signal strength and coverage, improve communication quality and stability. At the same time, smaller antenna designs can help companies develop small and precise receiving and transmitting antenna products. In the process of satellite antenna products, LEO satellite with fast tracking flat antenna system has made overseas broadband communication possible. In addition, more reliable antenna designs can increase the durability and reliability of products, thereby improving the performance of products in different environments.

In terms of competition, it can be observed that as customer demands for large bandwidth, low latency, full coverage, and ultra-high speed increase, competitors and related companies are continuously conducting research and development of new types of antenna technology to improve their technological level and innovation capability. For example, new high-frequency antenna designs, array antennas, or wave speed tracking technologies aim to increase communication speed, spectrum efficiency, and different market applications, thereby increasing the product differentiation and market competitiveness of antenna manufacturers. Products such as LEO satellite flat antenna design and Open RAN RU antenna design show the competition among different manufacturers in related product technology competitiveness.

In response to external changes and competition environment, Auden Technology continues to enhance its key technology capabilities and patent technology layout. At the same time, it closely cooperates with international/domestic customers, and actively develops next-generation antenna products through cross-industry integration between academia, industry, and government. Finally, in terms of brand positioning, Yageo hopes to be a key technology cooperation partner of international manufacturers in antenna design, continuously improving its technological level and product innovation capabilities, while also continuously strengthening the market marketing and cultivation of international technology brands, hoping to maintain competitive advantages and market position in a fiercely competitive environment.

Regulatory and Macroeconomic Environment

The overall business environment of the telecommunications industry is influenced by various factors, including political, economic, social, and technological aspects. Among these, changes in government policies and regulations have a profound impact on the mobile communications industry. For example, governments may support and regulate the development of the mobile communications industry through spectrum allocation and licensing, network construction subsidies, communications equipment testing and certification, and other means. In addition, the mobile communications industry is also affected by various factors such as economic conditions, market demand, social and cultural background, and technological innovation. With the continuous progress and development of wireless communication technology, the demand for spectrum resources.

The allocation and utilization of spectrum resources have become important issues for the development of the mobile communication industry, and it is necessary to analyze and evaluate the allocation and utilization of spectrum resources, including available frequency bands, frequency band allocation, and utilization efficiency. At this time, government regulations are particularly important. Governments usually support and regulate the development of the mobile communication industry by enacting laws, regulations, and standards. Enterprises need to analyze and assess the trends of relevant laws, regulations, and standards in the mobile communication industry. Currently, there are relevant notifications and regulations from the National Communications Commission (NCC) and the Ministry of Digital Affairs (MODA), wireless radio frequency planning, mobile communication network construction permits, communication equipment testing and certification, and so on.

It is worth noting that in the low-earth orbit satellite industry, it is subject to the jurisdiction of regional market regulatory authorities (such as the FCC in the United States) and international organizations (such as the ITU), and closely monitoring industry regulations is an important indicator for positioning in the satellite market. Finally, global pandemics, geopolitical tensions, and war have changed the mode of operation of the world economy, leading to higher requirements for enterprise risk management. The company has actively expanded into different emerging products and services, established diversified production bases and added overall environmental monitoring units. At the same time, it has worked closely with customers, suppliers and government resources to maintain a flexible and adaptable business model to respond to a challenging market environment.

IV. Future Development Strategy

With the growth trend of the wireless communication industry and the gradual fermentation of product applications, the company will continue to focus on mobile communications, Internet of Things and biomedical related product applications and integration of hardware and software technology, and actively explore the market to enhance business momentum.

Direction of the company's product and technology development :

- With communication technology as the main axis, we continue to construct RF, SAR, Bio-magnetic and other soft and hard integration technologies.
- To develop highly competitive RF communications products with mobile communications, Internet of Things and biomedical products as the core of R&D.
- Carry out cross-field technology and product integration to expand the application field of wireless communication products.

Continue to provide customers with product planning, research and development design, mass production and then marketing certification, construct One Stop wireless communication stack horizontal integration service, shorten customer research and development time, reduce the waste of research and development resources and accelerate customer product marketing time.

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

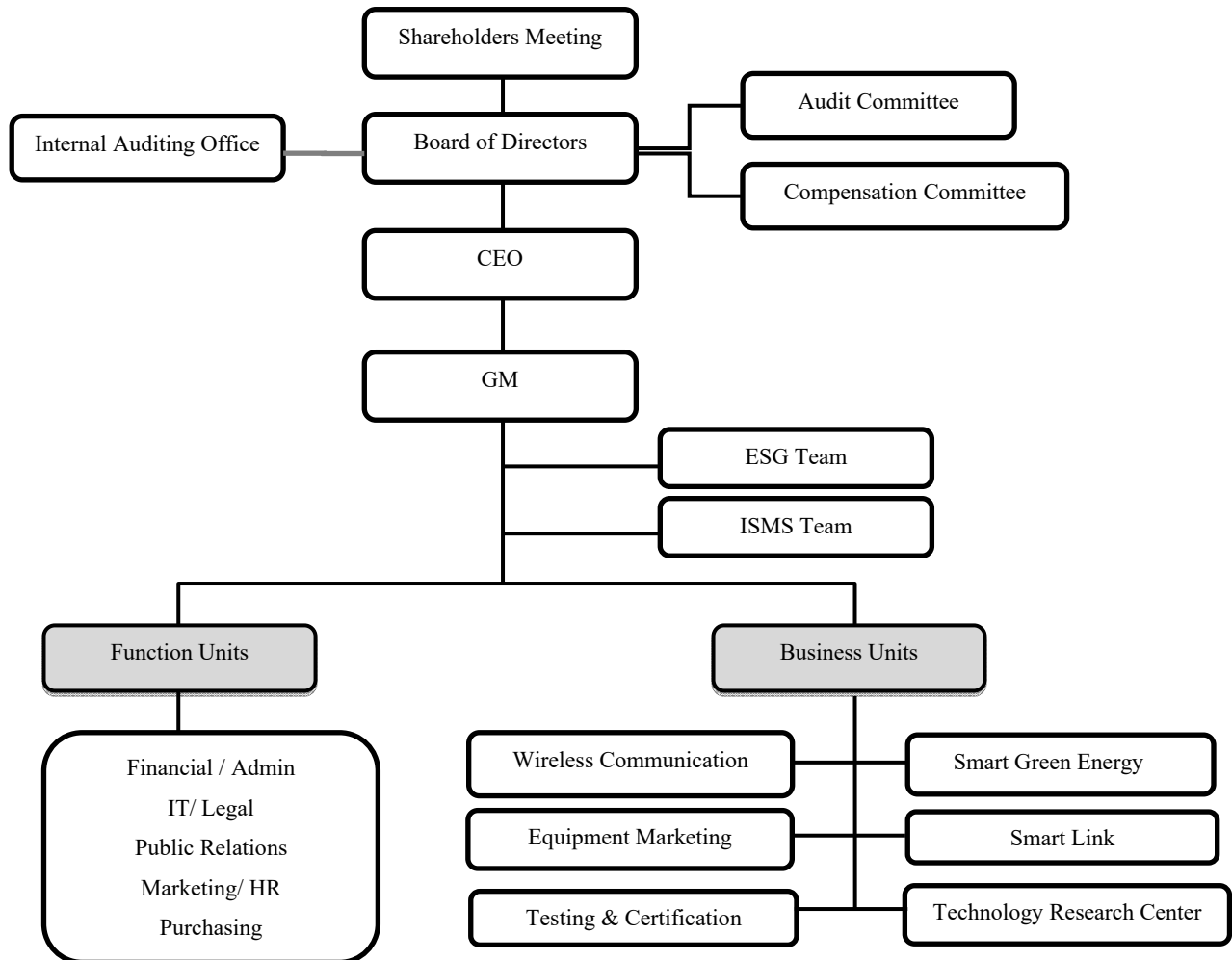
- | | |
|------|---|
| 1990 | ● Renamed and Officially Registered |
| 1996 | ● Got ISO 9002 Certification |
| 1998 | ● Got ISO 9001 Certification |
| 2000 | ● Became Schmid & Partner Engineering AG (SPEAG) Agent for SAR Certification System · Set Up Distribution Business and First Adopted into Taiwan & 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 | ● Established Test Business in Shenzhen China
● 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

Three. Corporate governance report

I. Organizational system

(I) Organizational Chart



(II) Business of each main department

Departmental	Job Responsibilities
Internal Auditing Office	<ul style="list-style-type: none"> 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.
ESG Team	<ul style="list-style-type: none"> 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.
ISMS Team	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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,

Departmental	Job Responsibilities
	collection and inventory management.
Equipment Marketing Unit	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> National renewable energy promotion office maintenance, system promotion, legal research, international links, certificate trading platform maintenance and consulting services.
Smart Link Unit	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

2023/04/29 ; 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 MiTAC 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	7.75	-	-	-	-	-	-	-	-	-	Note2
	ROC	Rep. Chang, Yu-Pin	Male 61~70 years old	2022.6.27		1990.2.10	2,207,366	4.72	2,257,366	4.83	38,000	0.08	6,222,102 (Note.2)	13.32	<ul style="list-style-type: none"> ● Nanshan High School-Dept. of Electronic Engineering 	<ul style="list-style-type: none"> ● Auden Techno Corp./President ● 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/Director ● Lucky Rite International Co., Ltd./Director 	-	-	-	Note3
Director	ROC	Auoke Investment Co., Ltd.	-	2022.6.27	3 Years	1990.2.10	3,621,102	7.75	3,621,102	7.75	-	-	-	-	-	-	-	-	-	Note2
	ROC	Rep. Tang, Chia-Lun	Male 41~50 years old	2022.6.27		2022.6.27	158,121	0.34	207,121	0.44	-	-	-	-	<ul style="list-style-type: none"> ● NSYSU/Ph.D. of Electrical Engineering ● ITRI Communications Research Laboratories/Manager 	<ul style="list-style-type: none"> ● Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Director and Vice President ● Auden Techno Corp. - Wireless Communication Business Department/Vice 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 MiTAC 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	5.57	-	-	-	-	-	-	-	-	-	Note2
	ROC	Rep. Yeh, Ming-Tarn	Male 61~70 years old	2022.6.27		2018.3.2	127,771	0.27	127,771	0.27	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	5.57	-	-	-	-	-	-	-	-	-	Note2
	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.- Video Purchasing Department/Deputy Director	● Auden Techno Corp./Member of Remuneration 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 MiTAC 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	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● Everwell & CO., CPAs./Partnership accountan ● APEX DYNAMICS, INC./Independent Director and member of Remuneration Committee ● FORMOSA OPTICAL TECHNOLOGY CO., LTD./Independent Director and member of Remuneration Committee ● Auden Techno Corp./Member of Remuneration Committee ● AKER TECHNOLOGY CO.,LTD ./Independent Director and member of Remuneration Committee ● CHUAN DA TECHNOLOGY CO., LTD./Supervisor ● Paiho Shih Holdings Corporation/ Independent Director and member of Remuneration 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 MiTAC 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	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● Fortune & CO., CPAS /Partnership Accountant and Partner-In-Charge ● Everything Fits International Co., Ltd./Chairman ● ABILITY ENTERPRISE CO., LTD./ Independent Director and Member of Remuneration Committee ● Auden Techno Corp./Independent Director and Member of Remuneration Committee ● Starlux Airlines Co., LTD./ Independent Director and Member of Remuneration Committee ● JYH ENG TECHNOLOGY CO., LTD./ 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	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● 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 ● 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

2023/04/29

Name of institutional shareholders	Major shareholders of institutional shareholders	Percentage of shareholding
Auoke Investment Co., Ltd.	Chang, Yu-Pin	60%
	Chang, Shuo-Fen	10%
	Chang, Shuo-Fang	10%
	Chang, Wei-Chien	10%
	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	10%

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)	<p>Present position : Fortune & CO., CPAS /Partnership Accountant and Partner-In-Charge</p> <p>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.</p>	<p>1. Not a director, supervisor or employee of the Company or any of affiliated companies.</p> <p>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.</p> <p>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.</p> <p>4. Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.</p>	2
Chung, Char-Dir (Independent Director)	<p>Present position : NTUEE and NTUGICE/Distinguished Chair Professor NTUEE and NTUGICE/Professor IEEE/Fellow</p> <p>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.</p>	<p>1. Not a director supervisors or employee of the Company or any of affiliated companies.</p> <p>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.</p> <p>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.</p> <p>4. Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.</p>	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. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the selection and appointment of the members of the Director Board are based on the principle of meritocracy, with diverse and complementary capabilities across industries. The company has nine directors, including four independent directors. One of them is a woman; The professional background of the board members covers the electronics, communications, finance, legal and management industry experience. They have the operational judgment, accounting and financial analysis ability, operation management ability, crisis management ability, industry knowledge, international market perspective, leadership and decision-making ability required by the company.

Implementation of the diversity policy is as follows:

Name	Diversification item	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 of the Company consists of 9 directors, including 4 independent directors. The number of independent directors accounts for 44.44% of all the directors' seats, and no more than half of the directors' seats have spouses or second-degree relatives.

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

2023/04/29 ; 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 (Note 2)	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship		
President	ROC	Chang, Yu-Pin	Male	1989.5.2	2,257,366	4.83	38,000	0.08	6,222,102 (Note 1)	13.32	<ul style="list-style-type: none"> ● Nanshan High School-Dept. of Electronic Engineering 	<ul style="list-style-type: none"> ● Auden Techno Corp. /President ● 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/Director ● Lucky Rite International Co., Ltd./Director 	-	-	-	-	Note 3
Vice President of Wireless Communication Business Department	ROC	Tang, Chia-Lun	Male	2006.12.1	207,121	0.44	0	0	0	0	<ul style="list-style-type: none"> ● NSYSU/Ph.D. of Electrical Engineering ● ITRI Communications Research Laboratories/Manager 	<ul style="list-style-type: none"> ● Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Director and Vice President ● Auden Techno Corp.-Wireless Communication Business Department/Vice President 	-	-	-	-	-
Assistant Vice President of Wireless Communication Business Department	ROC	Chiang, Chi-Ming	Male	1995.7.4	4,005	0.01	0	0	0	0	<ul style="list-style-type: none"> ● Vanung University/Dept. of Electronic Engineering 	-	-	-	-	-	-
Assistant Vice President of Equipment Marketing Business	ROC	Hsu, Ching-Yi	Female	2011.4.25	207,386	0.44	0	0	0	0	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● 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 (Note 2)	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	8,100	0.02	26,640	0.06	0	0	<ul style="list-style-type: none"> ● Soochow University/Department of Physics ● SGS Taiwan Ltd./Senior specialist 	-	-	-	-	-	-
Vice President of Operation Office	ROC	Wen, Wen-Sheng	Male	2013.9.23	207,959	0.45	0	0	0	0	<ul style="list-style-type: none"> ● Chinese Culture University/Department of Accounting ● KPMG/Manager 	<ul style="list-style-type: none"> ● Auden Communications & Multimedia Techno(KunShan)Co.,Ltd./Supervisor ● Auden Techno Corp.(Shanghai)/Supervisor ● Auden Techno Corp. / Vice President of Finance and Accounts Department Corporate Governance Officer ● Auden Techno Corp. / Corporate Governance Officer 	-	-	-	-	-

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.

III. Remunerations to Directors, Presidents, and Vice Presidents

(I) Remuneration of Directors and Independent Directors

2022

Unit: In thousands of New Taiwan Dollar

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		From Auden	From all companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Auoke Investment Co., Ltd.	-	-	-	-	6,916	6,916	179	179	2.21	2.19	16,174	16,174	108	108	2,367	-	2,367	-	8.03	7.96	0
	Rep. Chang, Yu-Pin																					
Director (Note 3)	COMEUP Industries Inc.																					
	Tsai,Fu-Lin																					
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 (Note 4)																					
Director	Huang, Fu-Chang (Note 5)																					
Independent Director	Chou, Chun-Hung	1,867	1,867	-	-	-	-	306	306	0.68	0.67	-	-	-	-	-	-	-	0.68	0.67	0	
Independent Director	Tsai, Yu-Ching																					
Independent Director	Huang, Chih-Chen																					
Independent Director	Chung, Char-Dir (Note 6)																					

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: On June 27th, 2022, the directors were fully re-elected, and Chuanfang Enterprise (Shares) Co., Ltd. stepped down as a director.

Note 4: On June 27th, 2022, the directors were fully re-elected, and Yaoke Investment Co., Ltd. appointed Mr. Tang Jialun, the representative of the legal person director, as the director.

Note 5: On June 27th, 2022, the directors were fully re-elected, and Mr. Huang Fuzhang became the director.

Note 6: Mr. Zhong,Jia-de was newly elected as an independent director of the company at the shareholders' regular meeting on June 27th, 2022.

Range of Remuneration

2022

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	COMEUP Industries Inc. Rep. Tsai,Fu-Lin/ Huang, Fu-Chang / Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir	COMEUP Industries Inc. Rep. Tsai,Fu-Lin/ Huang, Fu-Chang / Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir	COMEUP Industries Inc. Rep. Tsai,Fu-Lin/ Huang, Fu-Chang / Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir	COMEUP Industries Inc. Rep. Tsai,Fu-Lin/ Huang, Fu-Chang / Chou, Chun-Hung/Tsai, Yu-Ching/Huang, Chih-Chen/Chung, Char-Dir
NT\$1,000,000 – NT\$1,999,999	Auhong Investment Co., Ltd. Rep.Yeh, Ming-Tarng Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan/ Auke Investment Co., Ltd. Rep. Tang, Chia-Lun.	Auhong Investment Co., Ltd. Rep.Yeh, Ming-Tarng Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan/ Auke Investment Co., Ltd. Rep. Tang, Chia-Lun.	Auhong Investment Co., Ltd. Rep.Yeh, Ming-Tarng Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan	Auhong Investment Co., Ltd. Rep.Yeh, Ming-Tarng Auhong Investment Co., Ltd. Rep. Chang, Chih-Chuan
NT\$2,000,000 – NT\$3,499,999	Chang, Yu-Pin	Chang, Yu-Pin		
NT\$3,500,000 – NT\$4,999,999				
NT\$5,000,000 – NT\$9,999,999			Auke Investment Co., Ltd. Rep. Tang, Chia-Lun.	Auke Investment Co., Ltd. Rep. Tang, Chia-Lun.
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	10	10	10	10

(II) Remuneration of the President and Vice Presidents

2022

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	9,717	9,717	216	216	12,457	12,457	3,042	0	3,042	0	7.93	7.86	0
Vice President	Tang, Chia-Lun													
Vice President of Operation Office/ Finance Department /Accounts Department and Corporate Governance Officer	Wen, Wen- Sheng													

Range of Remuneration

2022

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

2022

Unit: In thousands of New Taiwan Dollar

	Title	Name	2022			
			Stock	Cash	Total	ratio of total remuneration to net income (%)
Manager	President	Chang, Yu-Pin	0	3,949	3,949	1.23
	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	2021	2022
	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	8.65%	10.72%

Analysis of the proportion of the total remuneration paid to the general directors and independent directors, president and vice president of the company by the company and all companies in the consolidated statements in the last two years to the after-tax profit of individual or individual financial reports:

The total remuneration of general directors and independent directors in 2022 increased compared with 2021, except for the increase in net profit after tax in 2022, The total remuneration of the president and vice president has increased compared with 2021, which is due to the increase in bonus payments.

- (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 Remuneration Committee and the Board of Directors.

The remuneration of directors is based on the provisions of the company's articles of association, and the remuneration 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 remuneration 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 2022 have significantly exceeded the standard. The performance evaluation results of the company's managers in 2022 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 2022 was reviewed by the remuneration 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 9 board meetings from 2022 to the date of publication of the annual report, 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	9	0	100	-
Director	Auoke Investment Co., Ltd.	Rep. Tang, Chia-Lun	6	0	100	Newly appointed (Note 3)
	COMEUP Industries Inc.	Rep. Tsai, Fu-Lin	3	0	100	Dismissed (Note 2)
	Auhong Investment Co., Ltd.	Rep. Yeh, Ming-Tarn	9	0	100	-
	Auhong Investment Co., Ltd.	Rep. Chang, Chih-Chuan	9	0	100	
	Huang, Fu-Chang		6	0	100	Newly appointed (Note 3)
Independent Director	Chou, Chun-Hung		9	0	100	-
	Tsai, Yu-Ching		8	1	88.89	-
	Huang, Chih-Chen		9	0	100	-
	Chung, Char-Dir		6	0	100	Newly appointed (Note 3)

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.

Note 2 : Re-elected on June 27, 2022, Those whose term expires in 2022 can attend the Director's meeting 3 times.

Note 3 : Re-elected on June 27, 2022, The 2022 appointee will be allowed to attend 6 meetings until the publication date of the annual report.

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 Article 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)2022/03/23 :

A. 2021 executive officers' year-end and performance bonus payment.

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

B. Performance and remuneration of directors of the Company for the year 2021 and distribution of directors' remuneration for the Year 2021.

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

C. Performance and remuneration of directors of the Company for the year 2021 and distribution of Independent directors' remuneration for the Year 2021.

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

(2)2022/05/11 :

A. 2021 annual manager's actual distribution of employee compensation.

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

B. Adjust the current Independent Director compensation.

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

(3)2022/08/10 :

A. Within 3 months from the date of Chung,Char-Dir appointment as the independent director of the Company, we signed an academic feedback mechanism contract with NTU.

Chung,Char-Dir is an interested party in the case, so the proposal approved by all directors in attendance with voting rights.

B. Appointment of members of the Remuneration Committee

Chou,Chun-Hung, Tsai,Yu-Ching and Huang,Chih-Chen are an interested party in the case, so the proposal approved by all directors in attendance with voting rights.

(4)2022/12/28 :

A. Manager's performance bonus for the second half of 2022 years and year-end bonus for 2022 years.

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

B. Set targets and standards for the 2023 annual performance evaluation of the company's managers.

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

C. Set targets and standards for the 2023 annual performance evaluation of the company's director.

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.

D. Set targets and standards for the 2023 annual performance evaluation of the company's independent director and audit committee members.

Chou,Chun-Hung, Tsai,Yu-Ching, 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.

(5)2023/03/14 :

A. The Company's 2022 annual director compensation allocation principles and amount suggestions

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 Company's 2022 annual manager compensation allocation principles and amount suggestions

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

C. The company intends to donate the Auden BingNan Education Fundation

Chang, Yu-Pin、Huang, Chih-Chen are an interested party in the case, 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	2022/01/01-2022/12/31
Scope of evaluation	Include the Board of Directors, Individual members of the Board and the member of Audit Committee
Evaluation method	Include Self-evaluation of the Board of Director, Self-evaluation of the Board members and Self-evaluation of Audit Committee.
Evaluation content	<ol style="list-style-type: none"> Performance evaluation of the Board include the following 5 aspects : <ol style="list-style-type: none"> (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 Performance evaluation on individual Board members include the following 6 aspects : <ol style="list-style-type: none"> (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 Performance evaluation of the Audit Committee include the following 5 aspects : <ol style="list-style-type: none"> (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

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

- The Company has established the Remuneration Committee on 2022/12/27 and established the Audit Committee on 2015/06/26 to improve the operational effectiveness of the board.
- 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.
- 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 8 meetings from 2022 to the date of publication of the annual report, and the attendance of members was as follows:

Title	Name	Attendance Frequency	By proxy	Attendance Rate in Person (%)	Notes
Independent Director	Chou, Chun-Hung	8	0	100	-
Independent Director	Tsai, Yu-Ching	7	1	87.5	-
Independent Director	Huang, Chih-Chen	8	0	100	-
Independent Director	Chung, Char-Dir	5	0	100	Newly appointed (Note 2)

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.

Note 2 : Re-elected on June 27,2022, The 2022 appointee will be allowed to attend 5 meetings until the publication date of the annual report.

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 2022 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: :

Within 3 months from the date of Chung,Char-Dir appointment as the independent director of the Company, we signed an academic feedback mechanism contract with NTU.

Chung,Char-Dir is an interested party in the case, so the proposal approved by all members of Audit Committee in attendance with voting rights.

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

- (1) The chief internal auditor of the company regularly reports the audit results to the audit committee, and will immediately contact and report to the audit committee in case of special matters. The communication between the audit committee and chief internal auditor of the company very well.
- (2) The Audit Committee regularly communicates with the Company's certified accountants each year on the results of the examination or verification of the financial statements of each period and other communication matters required by relevant legislation, and independently audits the appointment of certified accountants and the audit and non-audit services they provide.

Annual focus of the Audit Committee :

(1) The Audit Committee held eight meetings from 2022 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 2022 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 2022 :

Term/Date	Subject Matter	Resolutions and the Company's response to such Audit Committee members' opinions
3rd Committee 21st Meeting 2022/03/23	1.The proposal for the amendments to the "Regulations Governing Acquisition or Disposal of Assets". 2.The proposal for the amendment to the "Articles of Incorporation". 3.The proposed amendment to the "Rules of Procedure for the Shareholders' Meeting". 4.The proposal for releasing the non-competition restriction on directors and legal representative of the company. 5.The proposal for Internal Control System Statementand and the findings of a self-assessment. 6.The proposal for continue to appoint certified accountants for the financial statements of the Company and review public expenses for accounting services. 7.The proposal for the 2021 Financial Statements. 8.The proposal for the 2021 Business Report and 2021 Earnings Distribution Statement.	Approved by all present members unanimously and propose to the Board

Term/Date	Subject Matter	Resolutions and the Company's response to such Audit Committee members' opinions
3rd Committee 22nd Meeting 2022/05/11	1.The proposal for issuance of new restricted employee awards. 2.The proposal for build a new plant on"ROC section".	Approved by all present members unanimously and propose to the Board
3rd Committee 23rd Meeting 2022/05/26	The company intends to apply to the Financial Supervisory Commission for revoking for 2021 cash capital increase.	Approved by all present members unanimously and propose to the Board
4th Committee 1st Meeting 2022/08/10	The proposed capital reduction base date for stock cancellation of retired new employee restricted awards.	Approved by all present members unanimously and propose to the Board
4th Committee 2nd Meeting 2022/08/31	The proposed to sell the shares of TA Technology(Shanghai) Co.,Ltd. (Hereafter called "TA Technology")	Approved by all present members unanimously and propose to the Board
4th Committee 3rd Meeting 2022/11/08	The company intends to donate to establish the Auden BingNan Education Fundation and dispose of the donated property.	Approved by all present members unanimously and propose to the Board
4th Committee 4th Meeting 2022/12/28	1. The proposed to formulate 2023 internal audit plan. 2. The proposal for the amendments to the internal control system (include internal audit implementation rules). 3. The proposed to formulate" Procedures for the Prevention of Insider Trading". 4. The proposed capital reduction base date for stock cancellation of retired new employee restricted awards.	Approved by all present members unanimously and propose to the Board
4th Committee 5th 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 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

(III) 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	Summary	
1. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	✓		The Company has established corporate governance principles in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and disclosed on the Investor Services section of the Company's website and on MOPS.	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?	✓ ✓ ✓ ✓		(1) The spokesperson system is included in the "procedure for the Internal critical information processing". The Company has set up spokespersons, deputy Spokesman and stock affairs unit, so it has personnel to deal with shareholder suggestions, doubts and disputes. The company also has a comment mailbox on its website, IR@auden.com.tw. (2) In order to fully grasp the list of ultimate controllers, the Company appoints the stock affairs agency to update the list of shareholders and the list of major shareholders regularly. In accordance with the "Securities and Exchange Act", it is scheduled to report the number of shares held by directors and major shareholders every month. (3) The assets, liabilities, financial management rights and responsibilities between the company and related enterprises are handled in accordance with relevant laws and regulations of the company's internal control system. (4) The Company has established the "Material Internal Information Procedures", the "Integrity Code of Conduct" and the "Procedures for the Prevention of Insider Trading", which are used to standardize the internal procedures for keeping confidential material information. In order to implement the management system, the Company regularly announces that it is not allowed to use undisclosed information to trade its securities.	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 Remuneration 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 at the Board Meeting and used as reference for remuneration and the nomination for re-election?	✓ ✓ ✓		(1) According to Article 20 of the "Corporate Governance Best Practice Principles" of the Company, the Board shall consist of members from a diversity of professions and expertise the detail of which is disclosed on the MOPS. Please refer to page 14 of the Annual report "2. Diversity and independence of the Board of Directors" for the implementation of the Company's Board Diversity policy. (2) The Company has not set up other functional committees. Other corporate governance operations are carried out by various departments of the Company according to their respective positions. In the future, functional committees will be set up according to the actual needs assessment. (3) The Company has adopted the "Rules for Performance Evaluation of Board of Directors", which stipulates that the Company's Board of Directors shall perform internal performance evaluation at least once a year. The performance evaluation results of the Board of Directors in 2022 have been submitted to the board meeting on March 14, 2023. The evaluation period is from January 1, 2022 to December 31, 2022. The evaluation score of the board of directors' performance evaluation is 98.75 points, and all aspects are implemented in accordance with regulations,	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	
(4) Does the Company regularly evaluate its external auditors' independence	✓		<p>which is excellent. The number of individual directors in performance assessment is 9, with an average score of 93.33. All directors perform their duties as directors in accordance with relevant laws and regulations. The board of directors has sufficient professional competence and smooth operation. The assessment score of the audit committee is 98.5 points. It will continue to strengthen the management and attention of succession, and pay attention to the improvement and promotion of corporate governance. The above results are in line with the standards, and are used in the reference of individual directors' compensation and nomination for renewal.</p> <p>A. Board performance evaluation includes five dimensions :</p> <ol style="list-style-type: none"> The degree of involvement in the operation of the company Improve the quality of board decision-making Composition and structure of board of directors Appointment of Directors, Professional and Continuing Education Internal control <p>B. The performance evaluation of individual directors includes six dimensions :</p> <ol style="list-style-type: none"> The degree of involvement in the operation of the company Internal relationship management and communication Mastery of company objectives and tasks Cognition of director's duties Appointment of Directors, Professional and Continuing Education Internal control <p>C. The Audit Committee performance evaluation includes five dimensions :</p> <ol style="list-style-type: none"> The degree of involvement in the operation of the company Improve the quality of audit committee decision-making Composition and appointment of members of the Audit Committee Cognition of Audit Committee members' duties Internal control <p>(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 (Note 1). The results of the latest annual evaluation shall be discussed and approved by the Audit Committee on March 14, 2023, and shall be submitted to the Board of Directors on March 14, 2023 to approve the independent evaluation of accountants °</p> <p>AQIs :</p>	

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																																																																				
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Principal accountant (Number of letters/Average number of TWSE/TPEx Listed Companies)	0 (0/4)	0 (0/6)	0 (0/9)																																																																																	
Deputy accountant (Number of letters/Average number of TWSE/TPEx Listed Companies)	0 (0/5)	0 (0/5)	0 (0/4)																																																																																	

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies																																																												
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			<div>Aspect V - Innovation ability</div> <div>1. Digital audit platform (KPMG Clara)</div> <div>2. Digital verification</div> <div>3. FileEx - File exchange platform</div> <div>4. Software development of audit analysis tools</div> <div>5. iRADAR - Financial commodity evaluation tool citation</div> <div>Accountant independence evaluation index</div> <table><thead><tr><th>Item</th><th>Evaluation index</th><th>Result</th><th>Conformity</th></tr></thead><tbody><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></tbody></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?	✓		(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.	No difference.
(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.)?	✓		(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) 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?	✓		(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.	
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 and interests : The company's current employment policies are in accordance with the statute and relevant internal human rights policies and sexual harassment prevention and treatment provisions, and provide equal development opportunities for	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	
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)?			<p>candidates and employees. Employees are required to abide by the company's code of conduct, create a high quality corporate culture and working environment, so that employees can avoid discrimination. We provide employees with health insurance, labor insurance, accident insurance and other insurance measures as well as the provision of employees' personal pension. To promote the health of employees, provide free regular health check-ups. The company pursues the balance between work and family, handling employee travel and various employee benefits.</p> <p>Employee care :</p> <p>A sound employee communication mechanism is positively related to the business growth of the company. Therefore, Yao Dengke pays special attention to the internal communication of employees, and is committed to creating an atmosphere of harmony and mutual trust between labor and capital.</p> <p>Apart from regular Labour and management meetings, we have also set up a variety of channels to express our views, including a complaint line, complaint box, complaint email, and sexual harassment complaint box.</p> <p>The company sets out legal and reasonable time management plans, formulates relevant policies for employees to work flexibly, and regularly cares about and manages employees' attendance status. Physical fitness courses are also held from time to time, so that employees can relax their body and mind through exercise after work.</p> <p>Investor relations :</p> <p>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.</p> <p>Supplier relationship :</p> <p>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.</p> <p>The rights of interested persons :</p> <p>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.</p> <p>The situation of director's study :</p> <p>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.</p> <p>Implementation of risk management policies and risk measures :</p>	

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									
			<p>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.</p> <p>Implementation of customer policies : The company maintains a stable and good relationship with customers to create profits.</p> <p>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.</p> <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>2022/7/29 - 2023/07/29</td><td>2022/08/10</td></tr></table> <p>Succession planning and operation of board members and key management : At present, the Company has sufficient talent to serve as a director to fill the vacancy of future directors at the appropriate time. Meanwhile, the company plans to continue to recruit professionals from outside as a director succession planning. As for independent directors, they are required to have working experience in business, legal, finance, accounting or corporate business in accordance with the law. The succession planning of independent directors of the company will focus on finding professionals in various fields. The company's staff at or above the manager level is an important management level. Through the practical experience of the company's operation, the succession ability is cultivated. In addition to the daily job agency training, key personnel departments and job rotation are also adopted to train the succession ability of key management level successors. At the same time, key management should receive succession training arranged by the company, including leadership management, strategic planning, contingency decision-making and crisis management, so as to effectively develop the leadership thinking.</p>	Insurance company	Amount	Period	Report	Cathay Crntury Insurance	USD\$2,000,000	2022/7/29 - 2023/07/29	2022/08/10	
Insurance company	Amount	Period	Report									
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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
2.11	Is the interim financial statement approved by the audit committee and submitted to the board of directors for discussion and resolution?	Since 2023, the company's quarterly financial statements are approved by the audit committee, the board of directors for discussion and deliberation.
3.2	Does the company release major information in English simultaneously?	In order to enhance the disclosure of company information, the company's major information will be released in both Chinese and English from 2023.

(IV) The composition, duties and operation of the remuneration committee

Information on members of the Remuneration Committee

Title	Name	Professional qualifications and experience	Independent criteria	Number of other public companies in which the individual is concurrently serving as and Remuneration Committee member
Independent Director (Convener)	Chou, Chun-Hung	Refer to the information on directors on page.12-page.15		-
Independent Director	Tsai, Yu-Ching			3
Independent Director	Huang, Chih-Chen			2

Responsibilities of the Remuneration 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 remuneration committee

- (1) The company's salary committee has a total of 3 members.
- (2) The current term of office is from August 10, 2022 to the end of the tenure of directors of Auden Technology's 14th residence. In principle, the employment relationship will be terminated when the contract expires, and the two parties should renew the contract separately.
- (3) The Remuneration Committee held 4 meetings in 2022. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Convener	Chou, Chun-Hung	4	0	100	
Committee member	Tsai, Yu-Ching	4	0	100	-
Committee member	Huang, Chih-Chen	4	0	100	-

Other matters to be recorded

- (1) If the board of directors does not adopt or revise the suggestion of the salary and 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 salary and compensation committee (such as the salary approved by the board of directors is better than that of the salary and compensation committee). Suggestions should describe the differences and reasons): None, for the decision of the 2022 Compensation meeting, please refer to point (3).
- (2) For the resolutions of the salary and 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 : There are objections at the third meeting in 2022. Please refer to Point (3) for the decision of the 2022 salary and remuneration meeting.

(3)The remuneration committee discusses the proposals and resolution results and the company's handling of members' opinions :

Date of meeting	Content of important motions	Result
2022 Meeting I of the Remuneration Committee 2022/3/23	1.The company's 2021 director's remuneration and employee remuneration distribution case.	The case was reviewed and approved by all the attending members without objection, and submitted to the board of directors for approval.
	2.It is planned to review the performance and remuneration of the directors of the company in 2021 and the distribution of director remuneration in 2021.	
	3.The company's 2021 manager performance and employee compensation distribution plan. It is planned to review the 2021 annual performance appraisal of the company's independent directors.	
	4.The company's 2021 manager performance and employee compensation distribution plan.	
2022 Meeting II of the Remuneration Committee 2022/5/11	1.2021 annual manager employee remuneration distribution plan.	The case was reviewed and approved by all the attending members without objection, and submitted to the board of directors for approval.
	2. Proposal to revise the company's "Director's Remuneration Distribution Method".	
	3.Adjustment of the remuneration of independent directors for the current term.	
	4.Proposal to adjust the term of office of members of the 4th Remuneration Committee.	
2022 Meeting III of the Remuneration Committee 2022/8/31	1.Proposal to revise the company's "Board Performance Evaluation Method".	The case was reviewed and approved by all the attending members without objection, and submitted to the board of directors for approval.
	2.It is proposed to revise the company's "Performance Bonus Assessment and Operation Method".	
	3.Formulate the company's "principles for calculating and distributing performance bonuses".	
	4. Issue the performance bonus of the company's managers in the first half of 2022.	
	5. Plan to launch the company's "Employee Stock Ownership Trust Plan".	After the case has been discussed by all the attending committee members, the company is requested to discuss the relevant implementation rules and make a proposal again.
2022 Meeting IV of the Remuneration Committee 2022/12/28	1.The company's managers' performance bonus in the second half of 2022 and year-end bonus in 2022.	The case was reviewed and approved by all the attending members without objection, and submitted to the board of directors for approval.
	2. Formulate the company's directors, independent directors and remuneration committee members, managers 2023 annual performance evaluation goals and standards.	
	3. Plan to start the company's "Employee Stock Ownership Trust Plan".	

(V) 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?	✓		<p>Until 2011, according to the "Sustainable Development Best Practice Principles" stipulated by the board of directors, the corporate sustainability team was responsible for full-time sustainable planning, implementation, auditing and improvement. The general manager's office convened all relevant units to form, and changed its name to "CSR Group" in 2019. Every month, each functional group held individual meetings according to the topic. Every quarter, all functional groups reviewed their goals and tracked the progress of various annual sustainability indicators. , and future work plans are submitted to the board of directors, and the board of directors supervises various goals and implementation results at least twice a year, and regularly updates and discloses relevant information on the company website every year for reference by stakeholders. In 2022, a total of 3 reports were carried out by the board of directors, on ay 11, August 10 and December 28.</p> <p>The corporate sustainability team is affiliated to the general manager's office, and its main responsibilities are: to propose plans, implement them, and to report the implementation results to the board of directors.</p> <p>External: Promote the practice of economy, society and environmental and achieve the goal of sustainable development. Internally: implement and promote corporate governance, protect the rights and interests of stakeholders, and formulate codes of practice for sustainable development, risk management policies, codes of practice for corporate governance, codes of honest operation, and specific promotion plans.</p> <p>The organizational chart and job responsibilities of the functional group of the corporate sustainability team are disclosed on the company's website.</p> <p>The company's board of directors authorized the management to be responsible for ESG-oriented issues. The 2022 ESG report was disclosed included: corporate governance, innovative research and development, 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.</p>	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?	✓		<p>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.</p> <p>Environmental:</p> <p>(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 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</p>	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	
			<p>operational activities can be grasped and responded to in a timely manner.</p> <p>(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.</p> <p>(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 16.0559 metric tons after verification /CO₂e, the total emission of Bade headquarters is 219.8209 metric tons/CO₂e; We expect to respond to climate change and legal requirements in the early stage, and turn risks into opportunities.</p> <p>Social:</p> <p>(1) Youth Development: We have introduced internships and industry-academia collaborations with institutions such as Yuan Ze University, National Taipei University of Technology, and Shu-Te University. Additionally, we have implemented a series of friendly workplace and social engagement programs. For more details, please refer to our ESG report and company website.</p> <p>(2) Labor-Management: We foster communication through regular quarterly labor-management meetings to continuously enhance the work environment, provide diverse employee benefits and activities, and implement educational training programs tailored to specific job functions. We also offer core skills training for mature employees to improve labor-management relations and work efficiency.</p> <p>Corporate Governance:</p> <p>(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 2022, no complaints about information security incidents from customers, external or regulatory agencies.</p> <p>(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.</p> <p>(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.</p> <p>For more information, please refer to our ESG report and website.</p>	
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 emission reduction and publicly disclose it in the sustainability report and our website.	Compliant with the rationale and practices of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."
(2) Is the Company dedicated to enhancing energy efficiency and using recycled materials with low	✓		(2) The company actively promotes various energy reduction measures, selects high-energy-efficiency equipment, and gradually replaces equipment with high energy efficiency and	

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																									
impact on the environment?			<p>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. 2023 The annual carbon reduction is expected to be 6 metric tons (approximately 5%), and will continue to expand the use of renewable energy and purchase green electricity, achieving the declared 2025 RE10X10 10% green electricity usage target.</p> <p>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.</p>																									
(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?	✓		<p>(4)The company has completed the ISO14064-1 inspection and verification of 2022 for the Bade headquarter.</p> <p>Greenhouse gas emissions in the last 2 years: (The organizational scope is Bade Headquarters)</p> <p style="text-align: right;">Unit:Tons/ CO2e</p> <table><tr><th>Year</th><th>Cat. 1</th><th>Cat. 2</th><th>Cat. 3</th><th>Cat. 4</th></tr><tr><td>2021</td><td>16.0559</td><td>126.0691</td><td>52.1781</td><td>25.5178</td></tr><tr><td>2022</td><td>128.6258</td><td>67.0075</td><td>27.0204</td><td>14.6581</td></tr></table> <p>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 52.4%.</p> <p>In order to continue to achieve the international reduction trend, the company conducts reduction tracking through the ESG team. In 2023, it is expected to reduce carbon by 6 tons. In 2025, it is expected to complete the carbon reduction goal through 10% green electricity and energy-saving policies.</p> <p>Water consumption in the last 2 years: (The organizational scope is Bade Headquarters)</p> <p style="text-align: right;">Unit: tons</p> <table><tr><th>Year</th><th>Water Consumption</th><th>Consumption per capita</th></tr><tr><td>2021</td><td>3,963</td><td>40</td></tr><tr><td>2022</td><td>3,817</td><td>33</td></tr></table> <p>We has invested in a number of water-saving equipment, mainly 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.</p>	Year	Cat. 1	Cat. 2	Cat. 3	Cat. 4	2021	16.0559	126.0691	52.1781	25.5178	2022	128.6258	67.0075	27.0204	14.6581	Year	Water Consumption	Consumption per capita	2021	3,963	40	2022	3,817	33	
Year	Cat. 1	Cat. 2	Cat. 3	Cat. 4																								
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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																						
			<p>Amount of waste in the last 2 years: (The organizational scope is Bade Headquarters)</p> <p style="text-align: right;">Unit: kg</p> <table><tr><th>Year</th><th>Total waste</th><th>Waste per capita</th></tr><tr><td>2021</td><td>5,503</td><td>55</td></tr><tr><td>2022</td><td>6,231</td><td>54</td></tr></table> <p>Electricity consumption in the last 2 years: (The organizational scope is Bade Headquarters)</p> <p style="text-align: right;">Unit: degree</p> <table><tr><th>Year</th><th>Electricity Consumption</th><th>Electricity Consumption (per Person)</th><th>Renewable Energy</th></tr><tr><td>2021</td><td>249,761</td><td>2,498</td><td>0</td></tr><tr><td>2022</td><td>252,703</td><td>2,178</td><td>2%</td></tr></table> <p>Compared with 2021, the per capita electricity consumption in 2022 reduced by 396 kWh/person; the per capita waste volume in 2022 reduced by 1kg/person.</p>	Year	Total waste	Waste per capita	2021	5,503	55	2022	6,231	54	Year	Electricity Consumption	Electricity Consumption (per Person)	Renewable Energy	2021	249,761	2,498	0	2022	252,703	2,178	2%	
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2021	249,761	2,498	0																						
2022	252,703	2,178	2%																						
4. Social issues (1) management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		<p>(1) Our company acknowledges and voluntarily complies with internationally recognized human rights standards, labor laws, and relevant personnel regulations, including the United Nations Universal Declaration of Human Rights, Global Compact, Guiding Principles on Business and Human Rights, and International Labour Organization. We respect the protections outlined in the "Labour Rights Norm" to safeguard human rights and publish them on our company website. Annually, our company regularly examines its operations, value chains, and other related activities through monitoring social issues, data analysis, and surveys to identify and assess the groups at risk and potential human rights risks. Based on these potential risks, we develop human rights issue control plans and continuously monitor and improve the implementation of these plans.</p> <p>A summary of our human rights management policy and specific programs is as follows:</p> <p>A. Policies related to employee compensation and welfare are published in the "Talent Recruitment" section of our company website, and the average salary is disclosed to be above industry standards.</p> <p>B. To promote the physical and mental well-being of employees and work-life balance, our company has a Staff Welfare Committee that organizes various welfare measures and activities on an irregular basis. These include family outings, employee birthday vouchers, childbirth allowances, marriage allowances, funeral allowances, and organizing health, cultural, and artistic events. We also encourage employees to participate in community service and join charitable organizations to enrich their life experiences. We provide health lectures, health consultation services, 1-hour lunch breaks, and free exercise classes to actively promote employee health and a happy workplace.</p> <p>C. We implement flexible working hours, ensure vacation time, and strictly adhere to government labor laws and regulations.</p>	Compliant with the rationale and practices of “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.”																					
(2) Does the Company formulate and implement reasonable employee benefits measures (including remuneration.	✓		<p>(2) Employee Compensation</p> <p>The salary structure of our company includes monthly wages, year-end bonuses, performance bonuses, and employee remuneration. The base salary for new employees is determined</p>																						

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	
vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?			<p>based on their educational and professional background, market salary standards, and internal and external fairness principles. Current employees undergo semi-annual evaluations for job positions and salary adjustments. Bonuses consist of year-end bonuses and performance bonuses. Based on the after-tax operating profit and take into account employee seniority and annual performance evaluations. These bonuses are distributed to all employees to incentivize collective efforts towards the company's goals. Employee remuneration is determined in accordance with the company's bylaws. It is calculated based on the company's profit for the year, not lower than 2%, and is allocated based on employee contributions.</p> <p>Employee welfare measures: In addition to referencing human rights management policies and specific program details, please refer to the company website and ESG report for more details. Workplace diversity and equality: We strive for equal pay for equal work and equal promotion opportunities between genders. As of 2022, the male-to-female ratio for managerial positions is 1:1.17, and for non-managerial positions, it is 1:1.12. Our company values employee rights and welfare, maintains a healthy work environment, and provides facilities that are friendly to persons with disabilities. We also strive for comprehensive physical and mental care for all ethnic groups, promote the advancement of colleagues with disabilities, indigenous people, and foreign employees, and create a friendly working environment to empower women. Our goal is to create a workplace where all gender identities can work comfortably.</p>	
(3) Does the Company provide employee with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		<p>(3) Auden complies with the Occupational Safety and Health Law and the requirements of customers and related groups to formulate the "Safety and Health Work Code", and respects the requirements of relevant interest groups for occupational safety and health, so as to build a healthy and happy workplace. The company takes disaster prevention and disaster prevention as the core concept, strengthens employee protection management, and invests resources to strengthen occupational disease prevention to create a zero-disaster environment. During 2022, the disability injury is zero. The company implements labor operating environment measurement and regular health checks in accordance with the law, introduces factory guards, holds health lectures, sets up disabled toilets, and improves the working environment...etc. to improve employee health management and a comfortable and safe working environment.</p>	
(4) Does the Company have an effective career capacity development training program established for the employees?	✓		<p>(4) The training program adjust every year by department, job role...etc. The training program incl. newcomers' general training, professional technical training, manage oriented training, body & mind health class, sustainable concept related class, human right class and also business ethics class...etc. The consideration of Training program includes regulation requirements, future development, company culture, career development and employee expectation...etc. The training takes 1,715 hours and average 13.29 hours each employee in 2022. During regular performance interviews every year, supervisors and employees discuss and set up personal annual capacity development plans. Through regular inspections and feedback, employees are assisted in tailoring the best development plans.</p>	
(5) With respect to the issues related to products and services, such as customer health and safety,	✓		<p>(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</p>	

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	
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?			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 2022, no customer complaints occurred.	
(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 "2022 Sustainability 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.				

(VI) 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	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(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?</p> <p>(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?</p> <p>(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?</p>	✓		<p>(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".</p> <p>(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".</p> <p>(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. Corporation Sustainability Group reviews these regulations annually, and the latest version of the regulations was issued on December 28, 2022.</p>	Compliant with the rationale and practices of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."
<p>2. Ethical Management Practice</p> <p>(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?</p> <p>(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?</p> <p>(3) Has the company established policies to prevent conflict of</p>	✓		<p>(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.</p> <p>(2) Corporation Sustainability Group 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. Corporation Sustainability Group reported the 2022 implementation of ethical corporate management to the Board of Directors on December 28, 2022.</p> <p>(3) The Company has implemented an "Integrity Code of Conduct" and "Ethical Conduct Guidelines" to prevent</p>	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	
<p>interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(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?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	✓		<p>conflict of interest. Contacts and channels have also been made available to enable report of illegal or unethical conduct.</p> <p>(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.</p> <p>(5) The Company holds ethical corporate management training every year. In 2022, a total of 179 people completed ethical corporate management related courses.</p>	
<p>3. Implementation of Complaint Procedures</p> <p>(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?</p> <p>(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?</p> <p>(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?</p>	✓		<p>(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.</p> <p>(2) The Company standard operating procedures for accepting accusation matters which include acceptance requirements, case handling procedures, protection measures for accusers and data preservation.</p> <p>(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.</p>	Comply with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" philosophy and implementation °
<p>4. Strengthening Information Disclosure</p> <p>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)?</p>	✓		<p>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.</p>	Comply with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" philosophy and implementation
<p>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</p>				
<p>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.</p>				

- (VII) 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).
- (VIII) Other important information enabling better understanding of the Company’s corporate governance implementation: None.

(IX) Implementation of the internal control system:

1. Statement of Declaration of Internal Control:

Auden Technology Corporation

Statement of Internal Control System

Date : March 14, 2023

Based on the findings of a self-assessment, Auden Technology Corporation states the following with regard to its internal control system during the year 2022:

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, 2022, 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 14, 2023, with all nine attending directors affirming the content of this Statement.

Auden Technology Corporation

Chairman : CHANG Yu-pai

President : CHANG Yu-pai

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

(X) 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.

(XI) 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 2022

- Acknowledge the 2021 annual business report and financial statement

Execution situation : Resolution passed.

- Acknowledge the 2021 surplus allocation plan

Execution situation : Resolution passed. The ex-dividend base date is August 16, 2022 and is payable on September 5, 2022. The cash dividend payment amount is NT \$3.0 per share and the total cash dividend distribution amount is NT \$140,164,989.

- To approve the amendment of the Articles of Company

Execution situation : Resolution passed. The revision will take effect on June 27, 2022.

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

Execution situation : Resolution passed. The revision will take effect on June 27, 2022.

- To approve and amend the bill "Regulations Governing the Acquisition and Disposal of Assets"

Execution situation : Resolution passed. The revision will take effect on June 27, 2022.

- Approved the issuance of new shares limiting employee rights

Execution situation : Resolution passed, The number of shares in issue is 60,000.

- Election of nine Director seats for the 14th session (including four Independent directors) °

The list of directors elected is as follows :

(1) Auoke Investment Co., Ltd./Rep. Chang, Yu-Pin - Electoral weight : 34,868,934

(2) Auoke Investment Co., Ltd. /Rep. Tang, Chia-Lun - Electoral weight : 26,119,202

(3) Auhong Investment Co., Ltd. /Rep. Yeh, Ming-Tarng - Electoral weight : 26,051,275

(4) Auhong Investment Co., Ltd. /Rep. Chang, Chih-Chuan - Electoral weight : 26,039,914

(5) Huang, Fu-Chang - Electoral weight : 25,876,001

The list of independent directors elected is as follows :

(6) Chung, Char-Dir - Electoral weight : 26,019,662

(7) Huang, Chih-Chen - Electoral weight : 26,016,484

(8) Chou, Chun-Hung - Electoral weight : 25,903,830

(9) Tsai, Yu-Ching - Electoral weight : 25,894,980

- Lift the new director's non-compete case

Execution situation : Resolution passed.

Important decisions of the board

Date	Important resolution matters
2022/03/23	1. Amend the "Regulations Governing the Acquisition and Disposal of Assets" 2. It is proposed to amend the Articles of the Company in order to give greater flexibility to the manner in which shareholders' meetings are held. 3. Amend the "Rules of Procedure for Shareholders Meetings" 4. Amend the "Corporate Governance Best Practice Principles" 5. Amend the "Sustainable Development Best Practice Principles" 6. Internal control Statement and self-evaluation results report. 7. Plan to renew the appointment of certified accountants for the financial statements of the Company and review the public fee proposal for accounting services. 8. The Company's 2021 director compensation and employee compensation distribution plan.

Date	Important resolution matters
	9.The Company's 2021 Annual financial statements 10.The Company's 2021 Business report and earnings distribution statement. 11.Nine directors (including four Independent directors) will be elected for the fourteenth term. 12.Intends to request the regular Meeting of Shareholders to lift the non-compete restrictions on the new directors and their representatives. 13.The agenda for the 2022 regular meeting of shareholders.
2022/05/11	1.To nominate a list of candidates for nine directors (including four Independent directors) of the Fourteenth board of Directors of the Company and to review the qualifications of the nominees 2.2021 Actual compensation distribution plan for managers and employees. 3.Issue New Shares of Restricted Stock Awards. 4.The Company plans to build a new "ROC section" plant project. 5.Plan to invest and set up a new company according to the trend of net zero carbon emission and development of green energy. 6.The agenda for the 2022 regular meeting of shareholders. 7.Amendment to the Company's "Method of Distribution of Directors' Remuneration" 8.Adjust the current Independent Director compensation plan.
2022/05/26	1.The Company intends to apply to FSC for cancellation of the 2021 cash increase plan.
2022/06/27	1.Election of the Chairman of the Board of Directors of the Company.
2022/08/10	1.Appointment of members of the Remuneration Committee. 2.To coordinate with the cancellation of registration of new shares of Restricted Stock Awards issued by the Company, prepare the base date for capital reduction.
2022/08/31	1.Proposed sale of shares of TA Technology(Shanghai) Co.,Ltd. (hereinafter referred to as "TA Shanghai") ° 2.Amend the Company's "Board Performance Evaluation Method" 3.Amend the Company's "Performance Bonus Assessment and Operation Method" 4.Formulate the Company's "Principles for Calculating and Distributing Performance Bonuses"
2022/11/08	1.Appointment of corporate governance officer of the company. 2.Amend the Company's Standard Operating Procedure for Handling Directors' Requests 3.In response to the global political and economic changes, we plan to set up a new company in Vietnam through the reinvestment of AUDEN TECHNO (BVI) CORPORATION in a third country to enhance the resilience of our operations ° 4.Capital increase subsidiary Auray Technology Corp ° 5.The Company intends to donate the Auden BingNan Education Foundation and dispose of the property obtained from the donation.
2022/12/28	1.Approval of the Company's 2023 Operating Plan. 2.Establish 2023 internal audit plan. 3.Amend the internal control system (including internal audit implementation rules). 4.Amend "Best Practice Principles for Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Ethical Management" Conduct". 5.Establish the company's "Procedures for the Prevention of Insider Trading". 6.The bank line of the Company. 7.Performance bonus for the company's managers in the second half of 2022 and year-end bonus for 2022. 8.Execute the Company's Employee Stock Ownership Trust Plan. 9.To coordinate with the cancellation of registration of New Shares of Restricted Stock Awards issued by the Company, establish the base date for capital reduction.
2023/03/14	1.Amend part of the "Regulations Governing Procedure for Board of Directors Meetings" 2.Amendment of the Articles of the Company. 3.Formulate the Company's "Organization Rules for Sustainable Development Committee". 4.Internal control Statement and self-evaluation results report. 5.The Company's 2022 Board of Directors and functional committee performance evaluation results

Date	Important resolution matters
	report. 6.The Company's 2022 manager performance evaluation results report. 7.The company's 2022Director compensation and employee compensation distribution plan. 8.The Company proposed the principle and amount of compensation for managers and employees in 2022. 9.To renew the appointment of certified accountants for the financial statements of the Company and to review the bill of public expenses for accounting services. 10.Financial statements of the Company for 2022. 11.Company 2022 operating report and earnings distribution statement. 12.Setting the agenda for the 112th Annual Regular Meeting of Shareholders. 13.The Company intends to contribute to the Auden BingNan Education Foundation.

(XII) 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.

(XIII) 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	Lily, Lu	2022.01.01~2022.12.31	3,550	2,144	5,694	Non-audit fees include tax visas, transfer pricing reports and other consulting services.
	Lin, Wu					

- (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 : 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	2022		As of April 29, 2023	
		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)	-	-	-	-
	Rep.Tang, Chia-Lun	-	-	-	-
Director	Auhong Investment Co., Ltd.	-	-	-	-
	Rep.Chang, Chih-Chuan	-	-	-	-
	Rep.Yeh, Ming-Tarng	-	-	-	-
Director	Huang, Fu-Chang	(Note 1)	(Note 1)	-	-
Director	COMEUP Industries Inc.	(32,000) (Note 2)	(Note 2)	(Note 2)	(Note 2)
	Tsai,Fu-Lin	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Independent Director	Chou, Chun-Hung	-	-	-	-
Independent Director	Tsai, Yu-Ching	-	-	-	-
Independent Director	Huang, Chih-Chen	-	-	-	-
Independent Director	Chung, Char-Dir	(Note 1)	(Note 1)	-	-
President	Chang, Yu-Pin	100,000	-	-	-
Vice President	Tang, Chia-Lun	96,000	-	-	-
Vice President of Operation Office/ Finance Department /Accounts Department and Corporate Governance Officer	Wen,Wen-Sheng	50,000	-	-	-
Assistant Vice President	Chiang,Chi-Ming	-	-	-	-
Assistant Vice President	Hsu,Ching-Yi	50,000	-	-	-
Assistant Vice President	Tung, Szu-Che	-	-	-	-

Note. 1 : Mr. Huang, Fu-Chang and Mr. Chung, Char-Dir were elected directors and independent directors in the general re-election of directors on June 27, 2022 °

Note. 2 : COMEUP Industries Inc. stepped down as a director upon general re-election on June 27, 2022.

(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.29th,2023

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	7.75	-	-	-	-	Note		-
Auhong Investment Co., Ltd. Rep. Chang, Yu-Pin	2,601,000	5.57	-	-	-	-			-
Chang, Yu-Pin	2,257,366	4.83	38,000	0.08	6,222,102	13.32			-
COMEUP Industries Inc. Rep.Huang,Shih-Ji	1,000,122	2.14	-	-	-	-	-	-	-
Cao,Rong-Xu	865,000	1.85	-	-	-	-	-	-	-
Lu,Li-Ping	522,657	1.12	-	-	-	-	-	-	-
Wu,Rong-Zheng	369,000	0.79	-	-	-	-	-	-	-
Wang,Li-Ru	290,000	0.62	-	-	-	-	-	-	-
Yao Qian Investment Co., LTD Rep.Liao,Li-Hui	251,000	0.54	-	-	-	-	-	-	-
Wu,Chang-Han	248,511	0.53	-	-	-	-	-	-	-

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,2022 ; 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.	6,000,000	100	0	0	6,000,000	100
Auden intelligence carbon solution Co. Ltd.	1,000,000	100	0	0	1,000,000	100

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 July1, 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. 089126377of 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 Septmber 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

2. Types of shares

April 29, 2023/Unit: In thousands of Shares

Types of shares	Authorized capital			Note
	Outstanding	Outstanding	Total	
Registered common shares	46,711	13,289	60,000	Listed companies' stocks

Information relevant to the aggregate reporting policy: None.

(II) The composition of Shareholders

April 29, 2023/Unit: shares

Shareholder Structure	Government institutions	Financial institutions	Other institutions	Natural persons	Other institutions	Total
Qty						
Number of persons	-	3	79	17,859	19	17,960
Qty of shareholding	-	66,100	7,739,912	38,164,641	740,410	46,711,063
Percentage	-	0.14	16.57	81.70	1.59	100

(III) Equity distribution

Common shar

April 29, 2023/Unit: shares

Level of holding	No. of shareholders	Qty of shareholding	Percentage
1 ~ 999	9,063	711,573	1.52
1,000 ~ 5,000	7,662	13,748,393	29.45
5,001 ~ 10,000	710	5,383,425	11.52
10,001 ~ 15,000	195	2,477,908	5.30
15,001 ~ 20,000	106	1,911,042	4.09
20,001 ~ 30,000	97	2,406,955	5.15
30,001 ~ 40,000	36	1,281,226	2.74
40,001 ~ 50,000	24	1,087,157	2.33
50,001 ~ 100,000	36	2,487,735	5.33
100,001 ~ 200,000	16	2,139,709	4.58
200,001 ~ 400,000	9	2,208,693	4.73
400,001 ~ 600,000	1	522,657	1.12
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	1	865,000	1.85
1,000,001 and more	4	9,479,590	20.29
Tota	17,960	46,711,063	100.00

Preferred stocks: None.

(IV) List of major shareholders

April 29, 2023/Unit:shares

Major shareholder	Shareholding	Qty of shareholding	Shareholding percentage
Auoke Investment Co., Ltd.		3,621,102	7.75
Auhong Investment Co., Ltd.		2,601,000	5.57
Chang, Yu-Pin		2,257,366	4.83
COMEUP Industries Inc.		1,000,122	2.14
Cao,Rong-Xu		865,000	1.85
Lu,Li-Ping		522,657	1.12
Wu,Rong-Zheng		369,000	0.79
Wang,Li-Ru		290,000	0.62
Yao Qian Investment Co., LTD		251,000	0.54
Wu,Chang-Han		248,511	0.53

(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	2021	2022	As of April 29, 2023 (Note.6)
Stock price	Max		518.00	242.50	191.00
	Low		146.00	108.00	131.00
	Average		249.31	151.09	155.97
Net worth per share	Before distribution		28.34	34.4	32.6
	After distribution		25.34	30.9(Note 5)	-
Earnings per share	Weighted average number of shares		46,295	46,527	46,655
	Diluted Earnings Per Share		5.96	6.89	1.10
Dividends per share	Cash dividends		3.0	3.5(Note 5)	-
	Stock dividends	Earnings	-	-	-
		Capital surplus	-	-	-
	Accumulated unpaid dividend		-	3.5(Note 5)	-
Return analysis	Price-earnings ratio		41.83	21.93	-
	Price-dividend ratio		83.10	43.17(Note 5)	-
	Cash dividend yield		1.20%	2.32%(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 2022 surplus as decided by the Director Board on March 14, 2023 , will be paid on May 19, 2023.

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 2022 on March 14, 2023. The company passed the surplus distribution plan of the Republic of China 2022 by the resolution of the board of directors, and distributed cash dividends: NT \$163,488,721, NT \$3.5 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 2022 approved by the Board of Directors of the Company on March 14, 2023 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 14, 2023, 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. 2022 Set aside NT \$6,916 thousand for directors and NT \$7,685 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 2021, director compensation and employee compensation of NT \$2,464 thousand and NT \$6,160 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 29, 2023, 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 29, 2023, the outstanding balance of NT \$400,000 is calculated at the current conversion price of NT \$219.7. If all shares are converted into common shares, 1,820,664 shares, accounting for 3.90% 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) Bonds maturing within one year : None.

(III) Convertible Corporate Bonds

Type of corporate bonds		The first secured conversion of corporate bonds in domestic	
Item	Year	2022	As of April 29, 2023
	Maximum	121.5	115.5
Market price of convertible corporate bonds	Minimum	102.0	102.2
	Average	115.69	111.71
Conversion price		224.6	219.7
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 29th, 2023

Type of new restricted employee shares	2020 new restricted employee shares	2022 new restricted employee shares
Effective registration date and total number of shares	August 17, 2020	August 17, 2022
Issue date	August 16, 2021	-
Number of new restricted employee shares issued	126,000 shares	0 shares
Number of new restricted employee shares still available for issuance	0 shares	300,000 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	0.27%	0%
Vesting conditions of the new restricted employee shares	1. Length of Service (1) Employees who have completed one year of service and are still employed upon the expiration of the restricted employee rights to new shares will be entitled to 25% of the shares. (2) Employees who have completed two years of service and are still employed upon the expiration of the restricted employee rights to new shares will be entitled to an additional 25% of the 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

Type of new restricted employee shares	2020 new restricted employee shares	2022 new restricted employee shares
	<p>2. Individual Performance</p> <p>(1) Employees who achieve Performance Indicator A in the year of receiving restricted employee rights to new shares will be entitled to 25% of the shares. Employees who achieve Performance Indicator B will be entitled to 15% of the shares. Employees who achieve Performance Indicator C will be entitled to 5% of the shares. Employees who achieve Performance Indicator D will not receive any shares.</p> <p>(2) Employees who achieve Performance Indicator A in the subsequent year of receiving restricted employee rights to new shares will be entitled to 25% of the shares. Employees who achieve Performance Indicator B will be entitled to 15% of the shares. Employees who achieve Performance Indicator C will be entitled to 5% of the shares. Employees who achieve Performance Indicator D will not receive any shares.</p>	<p>remain employed for three years, they will receive 40% of the allocated shares and be granted based on the following individual performance weightings.</p> <p>2. Individual Performance</p> <p>Starting from the year of issuance, the allocation of shares to employees based on their individual performance indicators is as follows:</p> <p>Employees who achieve Performance Indicator A will receive 100% of the allocated shares for that year.</p> <p>Employees who achieve Performance Indicator B will receive 75% of the allocated shares for that year.</p> <p>Employees who achieve Performance Indicator C will receive 25% of the allocated shares for that year.</p> <p>Employees who achieve Performance Indicator D will not receive any shares for that year.</p>
Restrictions on rights in the new restricted employee shares	<p>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:</p> <ol style="list-style-type: none"> 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	<p>1. Resignation (voluntary resignation, layoff, termination):</p> <p>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</p>	<p>1. Resignation (voluntary resignation, layoff, termination):</p> <p>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</p>

Type of new restricted employee shares	2020 new restricted employee shares	2022 new restricted employee shares
	<p>original issuance price and proceed with cancellation.</p> <p>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.</p> <p>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.</p> <p>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 stock rights for one year or more, the Chairman of the Board may, taking into account the employee's</p>	<p>original issuance price and proceed with cancellation.</p> <p>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.</p> <p>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.</p> <p>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 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</p>

Type of new restricted employee shares	2020 new restricted employee shares	2022 new restricted employee shares
	<p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>

Type of new restricted employee shares	2020 new restricted employee shares	2022 new restricted employee shares
	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.	"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	10,600 shares	0 shares
Number of new restricted shares that have vested	59,400 shares	0 shares
Number of unvested new restricted shares	56,000 shares	0 shares
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0.12%	0 %
The effect on shareholders' equity	<p>1. Potential expense recognition: The company should measure the fair value of the stock on the grant date (issue date) and recognize the related expenses over the vesting period. If all vesting conditions are met, the estimated potential expense recognition amount is NT\$39,699 million (estimated based on a fair value of NT\$36.09 per share, measured between February 20, 2020, and March 30, 2020, for the company's common stock). Based on the vesting conditions, the estimated expense recognition amounts for the years 109 to 111 are NT\$11,579 million, NT\$20,677 million, and NT\$7,443 million, respectively.</p> <p>2. Dilution of earnings per share and other effects on shareholders' interests: Based on the current issued and outstanding shares of the company of 40,696 million shares, the estimated potential reduction in earnings per share for the years 2020 to 2022 is NT\$0.28, NT\$0.49, and NT\$0.18, respectively. The dilution of earnings per share for the company is considered limited, and therefore, it has no significant impact on</p>	<p>Potential Expense Recognition: The company should measure the fair value of the stock on the grant date (issue date) and recognize the related expenses over the vesting period. If all vesting conditions are met, the estimated potential expense recognition amount is NT\$42,600 million (estimated based on a fair value of NT\$142 per share, measured after vesting). Based on the vesting conditions, the estimated expense recognition amounts for the years 112 to 114 are NT\$12,780 million, NT\$12,780 million, and NT\$17,040 million, respectively.</p> <p>Dilution of Earnings per Share and Other Effects on Shareholders' Interests: Based on the current issued and outstanding shares of the company of 46,722 million shares, the estimated potential reduction in earnings per share for the years 112 to 114 is NT\$0.27, NT\$0.27, and NT\$0.37, respectively. The dilution of earnings per share for the company is considered limited, and therefore, it has no significant impact on shareholders' equity.</p>

Type of new restricted employee shares	2020 new restricted employee shares	2022 new restricted employee shares
	shareholders' equity.	
Note	<p>1. The company's board of directors resolved on August 10, 2022, to cancel and retrieve 8,600 shares of the issued restricted employee stock. The registration change was completed on September 16, 2022.</p> <p>2. The company's board of directors resolved on December 28, 2022, to cancel and retrieve 2,000 shares of the issued restricted employee stock. The registration change was completed on March 16, 2023.</p>	None.

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

112 年 4 月 29

	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	President	Chang, Yu-Pin	400,000 shares	0.86%	400,000 shares	0	0	0.86%	0 shares	0	0%
	Vice President of Wireless Communication Business Department	Tang, Chia-Lun									
	Assistant Vice President of Equipment Marketing Business	Hsu, Ching-Yi									
	Vice President of Operation Office/ Finance Department /Accounts Department and Corporate Governance Officer	Wen, Wen-Sheng									
employee	Specialist	Lu, Li-Ping	80,000 shares	0.17%	40,000 shares	0	0	0.09%	40,000 shares	0	0.09%
	Senior manager	Lai, Shih-Chi									
	manager	Chen, Hsiu-De									
	manager	Tu, Li-Shan									
	Technical manager	Huang, Yu-Tsung									
	manager	Tsai, Cheng-Han									
	manager	Hsu, Ying-Hsuan									
	manager	Chang, Hao-Ting									
	supervisor	Li, Mao-Hsun									

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 :

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	By the end of the first quarter of 2023 in the Republic of China, the cumulative scheduled implementation progress is 35.83%, and the cumulative actual implementation progress is 0%, which is due to the structural adjustment of the building, affecting the overall project schedule will be delayed, and there is no significant difference between the scheduled benefits and the actual implementation.
	100,000	Purchase research and development equipment	By the end of the first quarter of 2023 in the Republic of China, the cumulative scheduled implementation progress is 67.64%, and the cumulative actual implementation progress is 24.78%. This is due to the delay of the purchase payment schedule due to the fact that the customized specifications of some equipment are still under discussion with the manufacturer, and there is no significant difference between the scheduled benefits and the actual implementation.
	84,010	Increase operation capital	By the end of the first quarter of the Republic of China in 2023, 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		

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	2021		2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Development, design, and manufacturing of antenna systems.	531,071	37.07	794,587	46.25
Sales of measurement equipment and technical support services.	586,621	40.94	717,204	41.75
Testing and certification services for wireless communication network	315,134	21.99	206,248	12.00
Total	1,432,826	100.00	1,718,039	100.00

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. IoT antenna integration modules and home base station antennas
- F. NB-IoT and LoRa antennas for IoT
- G. NFC antennas
- H. T-BOX internal/external antenna design
- I. Small external high-gain horizontal omni-directional antennas
- J. High-gain antennas (fiberglass)
- K. GNSS Low Profile Antenna
- L. EV Charger communication and antenna
- M. 5G vehicle and V2X antenna modules
- N. Wireless Ingestible Capsule
- O. 5G millimeter-wave RF antenna modules
- P. LEO User Terminal
- Q. UP-Down converter
- R. mmWave RF frontend module
- S. Antenna simulation design services for electronic products
- T. Low electromagnetic wave antenna design solutions
- U. Antenna performance testing and certification services for electronic products

(2) measurement equipment

- A. Agent for SAR testing equipment and after-sales technical support services
- B. Agent for electromagnetic wave detection of human body models

- C. Agent for antenna design simulation software
- D. Precision medical electromagnetic wave simulation software and services
- E. Sales and technical support services for medical device testing equipment
- F. Sales and technical services for open architecture network software
- G. Sales and technical services for information security software
- H. Sales and technical services for satellite communication testing equipment

(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

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

(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

Under the development of next-generation communication technology, challenges in antenna design and technical engineering persist in terms of multi-communication integration, high-frequency communication, and stable connection, such as cellular (4G/5G), Wi-Fi, ultra-wideband (UWB), millimeter wave (mmWave), GPS standard regulations for new frequency bands, and the emergence of new requirements.

The next-generation RF path design usually involves twice the present level of complexity, with high technological barriers in designing new antennas, sharing antennas between multiple frequencies, and integrating multiple antennas for customization within limited space or special industrial mobile device designs (such as adding NFC).

The automotive mobile communication system is undergoing fundamental changes driven by the development of various application scenarios (such as fleet management, safety detection, etc.), bringing

new opportunities for automotive antenna design, such as 5G, Wi-Fi 6E, V2X, and other communication connection systems.

There are relevant automotive market opportunities in both front and rear installation systems, such as in T-BOX built-in/external antennas, 5G automotive shark fin antenna modules, A GNSS Low Profile Antenna, etc. These are currently the focus of attention in various industries.

Low Earth Orbit satellites have received high market attention in recent years. LEO satellites launched into space at a distance of 500 to 2,000 kilometers from the earth are applied in remote sensing, navigation, meteorology, scientific exploration, national defense, and broadband communications. Service providers have recently accelerated commercialization. From an antenna design perspective, the satellite is far away from the user, and the user's position is constantly changing. Therefore, how to track the rapidly moving relative signal of the satellite and design a cost-effective array antenna system is a critical and challenging issue. Technologies such as phased array antennas and active electronically scanned arrays are products that need to be developed. Famous leading low-orbit satellite service providers include SpaceX, Telesat, OneWeb, and Amazon, all of whom are customers or potential customers of Taiwanese network communication manufacturers.

According to MIC report that millimeter wave (mmWave) technology can fully unleash the potential of 5G technology, redefining the mobile experience for enterprises and consumers and creating commercial value for telecom operators. However, by observing the United States, the earliest country to deploy 5G mmWave networks, it can be found that in terms of public network deployment and consumer experience, compared with the deployment of mid-to-low frequency 5G networks that prioritize coverage, mmWave should focus on the construction of specific hotspots. Additionally, it has recently been observed that North American telecom operators are initially concentrating on deploying 5G FWA-related services in the mid-frequency band, but they are bound to shift to mmWave in the future. Currently, telecom companies worldwide are evaluating vendors with cost-competitive array antenna design capabilities to support potential explosive growth.

(2) Sales of measurement equipment and technical support services

SAR testing in measurement equipment mainly simulates the intensity of electromagnetic waves absorbed by the human body, protecting the human body from damage caused by wireless device products that exceed the value. Related countries require that products must present SAR test data that complies with regulations before they are sold. Currently, there are three relevant technical specifications: CNS 14958-1, IEC62209-1, and IEEE Std 1528. SAR limits in various countries/regions are as follows. In the SAR testing equipment market, Swiss equipment manufacturer SPEAG leads the world in SAR measurement equipment, and other related manufacturers include Microwave Vision Group, ART-FI, TDK RF solutions, IndexSAR, and so on.

Country/Region	SAR range	Regulation
USA and Canada	1.6 W/KG_1 GRAM (suggest)	Mandatory
Australia	2.0 W/KG_10 GRAM (suggest)	Mandatory
EU	2.0 W/KG_10 GRAM (suggest)	Mandatory
Japan	2.0 W/KG_10 GRAM (suggest)	Mandatory
Korea	1.6 W/KG_1 GRAM	Mandatory
Taiwan	2.0 W/KG_10 GRAM	Mandatory

The ICT industry is the key to revolutionizing healthcare and health technology. Applications such as intelligent wearable devices for detecting heart rate and blood oxygen levels, and assessing electrocardiogram (ECG) status have led to the flourishing development of smart medical equipment and devices. At the same time, there is a growing demand for accuracy in vital sign measurement, which has also driven the market for related testing equipment. According to research by 360iResearch, the global medical device testing market is expected to reach USD 10.07 billion in 2022 and USD 10.84 billion in 2023, with a compound annual growth rate of 7.73%, reaching USD 20.28 billion by 2030. Finally, in precision medicine, better surgical simulation tools have become an essential tool for doctors to evaluate

conditions before surgery. For example, the simulation of epilepsy/implant safety before surgery has become a key focus for renowned domestic surgeons.

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

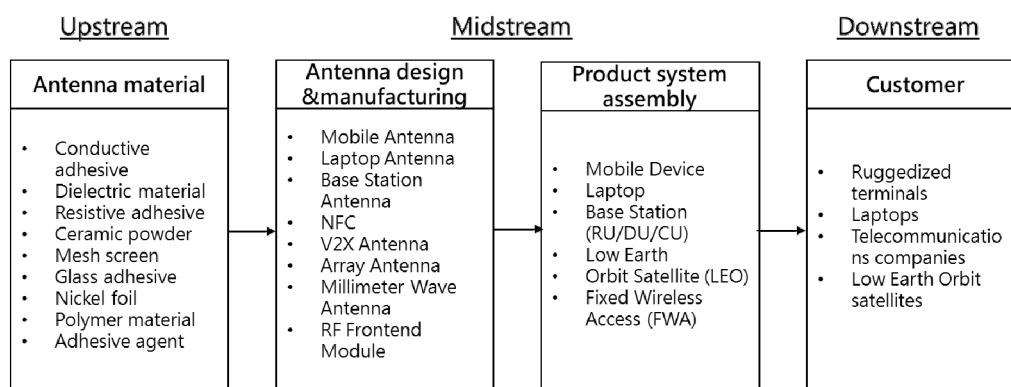
Since 2020, major global operators have been actively testing Open Radio Access Network (Open RAN) solutions, and more and more operators have announced their intention to invest in Open RAN for telecommunications network construction. The goal of Open RAN is to achieve network virtualization and reduce equipment costs through open architecture. However, this has also resulted in a wide variety of related equipment, technologies, and software, which has increased the difficulty of system integration in RAN construction. In order to ensure interoperability between components manufactured by different wireless equipment suppliers, the related international standard protocol standards are led by the O-RAN Alliance to integrate open standard issues and develop relevant standards.

Under the O-RAN Alliance, there are currently nine Open Testing and Integration Centres (OTICs) located in North America, Europe, Japan, China, and Taiwan, responsible for regional O-RAN interoperability testing and designing relevant certification mechanisms and systems. There are three different types of certification under the O-RAN standard, including Certification of Conformance, Interoperability Badge, and E2E System Integration Badge. As of early 2023, a total of four OTIC certifications have been issued, including three Certifications of Conformance and one E2E System Integration Badge, with applicants including MICAS (Shenzhen) Telecommunication Co., Ltd., Hon Hai Precision Industry Co., Ltd. (Foxconn), Wistron NeWeb Corp., and Pegatron. Currently, AURAY OTIC and Security Lab and Asia & Pacific OTIC in PRC have respectively issued one and three certifications.

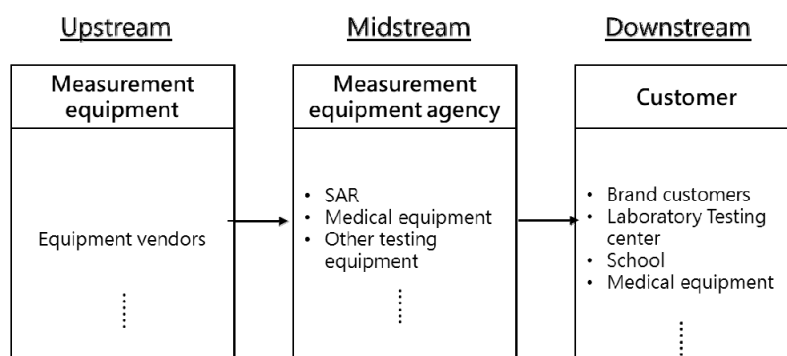
2.Linkage of industry upstream, midstream and downstream

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 :

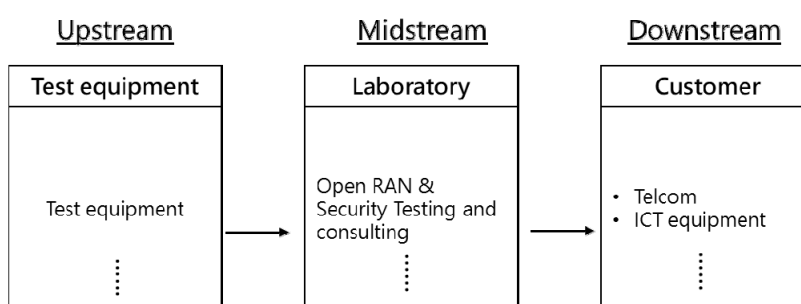
(1)Development, Design, and Manufacturing of Antenna Systems



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



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



3. Industry trend & Competitive statuses

(1) The global overall 5G deployment expenditure is expected to remain stable

According to a report by MIC, global 5G deployment spending will remain steady in 2022. While most countries have achieved their 5G coverage through low-frequency signals, the true commercial value of 5G still relies on telecom operators moving it to mid-frequency or even millimeter-wave commercial use, as well as completing the 5G standalone network architecture that does not rely on the 4G core network. The estimated global telecommunications capital expenditure in 2021 is about \$325 billion. Observing the 5G deployment plans of operators around the world in 2022, including early 5G promoters such as China and South Korea, they are expected to maintain or gradually reduce their capital expenditure on 5G deployment. On the other hand, the US, Japan, and Europe are stepping up the construction of mid-band 5G. The overall 5G deployment trend in 2022 will be stable.

(2) Millimeter-wave network investment is set to return to growth

According to Mobile Experts' research on the 5G millimeter-wave (mmWave) market, although global telecom operators still focus on the mid-to-low frequency band for 5G network deployment, investment in 5G mmWave deployment is expected to gradually return and grow from the end of 2023 to 2024. The basic value of 5G mmWave is to provide a huge transmission capacity gain and faster data rates. As telecom operators continue to expand the coverage of 5G deployment in the mid-to-low frequency band, the traffic on the 5G Sub-6GHz network will also increase. As 5G users experience the difference between 5G and 4G, their usage patterns will become more diverse and rich, and their dependence on 5G will increase. Therefore, when traffic growth significantly increases and in hotspots where transmission is critical, telecom operators can adopt 5G mmWave construction to support the surge in traffic.

(3) Open RAN growth still faces many challenges, but operators continue to invest in testing

Although Open RAN still faces many challenges, telecom operators continue to invest in testing. Open RAN seeks to decouple RAN and re-integrate components provided by different suppliers to ensure that the network operates as expected. The diversity of the Open RAN supply chain vision has caused integration to consider more different suppliers and products with varying efficiency, and Deutsche Telekom has expressed that the main challenges of Open RAN at present are "system integration" and

"operation mode." The complexity of integration has also increased the cost for businesses to invest, which contradicts the original intention of promoting market competition through a diverse supply chain and reducing procurement costs for telecom operators. However, due to the potential benefits of Open RAN, such as lower costs and increased flexibility, telecom operators continue to invest in testing Open RAN.

(III) Technology Research and Development

1.Existing Technology and Future Developments

Our company focuses on three major businesses: RF antennas, measurement equipment, and testing and certification. In terms of RF antenna technology, we have mastered key technologies such as Sub 6 antenna design, multi-antenna integration, and high-gain antenna design. In terms of future key technology development, we continue to deepen our expertise in 5G multi-antenna integration, mmWave, miniaturized antenna design, and critical technology acquisition in special materials. At the same time, we are making breakthroughs in LEO array antennas, Active Electronically Scanned Arrays (AESA), and Beam Tracking technology.

Regarding measurement equipment, IEC/IEEE released standards 63195-1 and 63195-2 in 2022, which are used for power density assessment in the frequency range of 6~300 GHz. This marks an important milestone for regulatory approval of 5G frequency range equipment. Our company has followed suit by mastering SAR 5G FR2 high-frequency testing knowledge and professional service capabilities. Related product agent lines will also be expanded from 7.1 GHz to 71 GHz to advance the layout of high-frequency SAR measurement technology. In addition, we are developing special applications in epilepsy/implant safety preoperative simulation, low-orbit satellite testing, information encryption software, and open network architecture testing software.

In terms of testing and certification technology services, we have already mastered 5G millimeter wave testing and O-RAN testing solutions, such as Certification of Conformance, Interoperability Badge, and E2E System Integration Badge. In the future, we will expand our information security consulting and testing services, IoT detection technology, and industrial control software and product testing.

Business	Key technology and service	Future development
Antenna	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● 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)
Measurement equipment	<ul style="list-style-type: none"> ● Specific Absorption Rate (SAR) measurement technology and human tissue fluid adjustment technology ● Medical device testing 	<ul style="list-style-type: none"> ● SAR 5G FR2 testing ● Epilepsy/implant safety pre-simulation ● Low earth orbit (LEO) satellite measurement technology ● Information encryption software ● Open network architecture testing software
Testing and Certification:	<ul style="list-style-type: none"> ● O-RAN testing ● Certification of Conformance ● Interoperability Badge ● E2E System Integration Badge 	<ul style="list-style-type: none"> ● Information security consulting and testing services ● Internet of Things (IoT) detection technology ● Industrial control software and product testing.

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

Unit : person

Education \ year	2021	2022	Jan.1,2023-Mar.31,2023
PhD (%)	3	4	4
Master's (%)	25	31	30
Bachelor's (%)	38	39	44
High School (%)	2	4	4
Total	68	78	82

3. R&D Expenses for Recent Years

Unit: In thousands of New Taiwan Dollar

Year	2018 年度	2019 年度	2020 年度	2021 年度	2022 年度
R&D Expenses	75,647	89,220	97,659	139,719	214,649
Revenue	748,016	919,722	1,121,773	1,432,826	1,718,039
R&D Expenses to Revenue %	10.11	9.70	8.71	9.75	12.49

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

Year	Specific research and development results
2018	<ul style="list-style-type: none"> ● Outdoor LoRa antenna ● 4G vehicle-mounted antenna
2019	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Sub-6G active antenna integrated into laptops ● Vehicle-mounted multi-in-one antenna ● Network-integrated multi-antenna system ● NFC antenna for charging stations

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

In terms of handheld device antenna design, SAR measurement, and production, we have substantial capabilities in product design and manufacturing, including multi-antenna integration in the Sub 6 frequency band, RFID, V2X antennas, gain glass fiber antennas, GNSS thin antennas, and NB built-in antenna designs. In terms of sales of measurement equipment and technical support services, SAR Measurement has established a strong presence

in the Greater China region, and is highly trusted by customers and original equipment manufacturers for SAR equipment installation, after-sales service, and technical support. In terms of testing and certification services, after overall business direction and financial evaluation, we sold the A Test Lab Techno Corp. in 2021 and TA Technology (Shanghai) Co., Ltd. in 2022. The main purpose of selling the two laboratories is to adjust and layout our future business development.

1.Short-Term Business Development

In the short-term development aspect, in the antenna RF business, the company continue to collaborate closely with international clients to develop next-generation handheld device antenna designs and seek new project opportunities. In terms of supply chain, the company accelerate the deployment of design and manufacturing capabilities in Southeast Asia (Vietnam factory), and is expected to gradually increase manufacturing capacity starting in 2023.

In terms of new product, technology and testing service development, the company will focus on high-frequency mmWave, and will design and manufacture products such as low-orbit satellite UT products, mmWave RF frontend modules, etc.

Regarding SAR testing, the company will focus on building knowledge and professional service capabilities for 5G FR2 high-frequency testing, while also developing the smart medical and precision medical markets, such as pre-surgical simulation systems for epilepsy and implant safety. In terms of certification & Labtory services, the company has sold two wireless testing subsidiaries through business evaluation and financial operations and is now focusing on the layout of the 5G mmWave testing laboratory and Open RAN testing service.

2.Mid-Term amd Long-Term Business Development

In terms of medium- to long-term development plans, our company is committed to comprehensive development in production, sales, personnel, R&D, and finance. We are focusing on high-frequency and mmWave technology as key areas of development. We are also committed to expanding our global sales network and continuously seeking opportunities in emerging markets.

To increase our brand recognition, we have established a marketing department dedicated to enhancing our international brand identity. We closely monitor talent trends in academia, industry, and research to ensure we find the best human resources for our organization. In terms of financial planning, we adhere to a prudent operating principle and carefully review necessary investments to make the best decisions. Finally, our company is committed to sustainable development and has established sustainability planning and information security teams. We base our decisions on long-term company development goals and do not make decisions based on short-term profits.

II. Market, production and sales overview

(I) Market Analysis

1.Geographic distribution of major product markets

Unit: In thousands of New Taiwan Dollar ; %

Year Area		2021		2022	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic		312,991	21.84	245,280	14.28
Export	Asia	1,083,354	75.61	1,445,252	84.12
	Others	36,481	2.55	27,507	1.60
Total		1,432,826	100.00	1,718,039	100.00

2.Primary product sales regions and market share

In terms of RF antenna sales, our company is positioned in the middle-to-upper stream of the electronic supply chain. As we deliver to system assembly factories, our main delivery destinations are Taiwan and mainland China. However, due to recent events such as the US-China trade war, the pandemic, and geopolitical issues,

our company has accelerated the establishment of a factory in Vietnam to diversify and expand our manufacturing capacity. We expect to begin small-scale production this year and adjust our sales distribution accordingly in the future.

For our measurement equipment sales, we mainly agent SAR series product equipment and medical device measurement equipment. In the Greater China region, we exclusively represent the Swiss SAR equipment manufacturer SPEAG and assist them in achieving high market share in the China and Taiwanese regional markets. As for medical device testing equipment, our main sales area is also in the Greater China region. Overall, our measurement equipment sales are mainly focused on the Chinese and Taiwanese markets.

In terms of testing and certification technology services, we have invested in a wholly-owned subsidiary called Auray Technology Co., Ltd. The laboratory is the only O-RAN Alliance officially recognized OTIC third-party fair testing laboratory in Taiwan. Therefore, our current customers for these services are mainly Taiwanese electronic network equipment and local operators. Our service locations are in Taoyuan and Kaohsiung.

3. Market Supply and Demand Status and Growth Prospects

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.

(1) Rugged Handheld Device

According to the Industry Research report, the global market size of Rugged Handheld Devices (Mobile Computer, Reader/Scanner, Smartphone, Others) was approximately 3.7 billion US dollars in 2020, and it is estimated to reach 4.5 billion US dollars by 2028, with a compound annual growth rate of 3.4%. In terms of regional markets, Asia-Pacific and North America accounted for more than 60% of the global market, with 37% and 31% respectively. The main brand manufacturers in this market include Honeywell, Zebra Technologies, Datalogic, Panasonic, Handheld Group, CIPHERLAB, TouchStar Technologies, Juniper Systems, Aceeca, Advantech, etc.

(2) Notebook

According to TrendForce's research statistics, the global notebook (NB) shipments in 2022 were only about 186 million units, a decrease of 24.5% from the previous year. Observing the factors that caused the decrease in the NB market last year, it was mainly due to the end of the pandemic dividend, global inflation, economic impact of the Ukraine-Russia war, and inventory clearance issues, which resulted in NB shipments falling below 200 million units in 2022.

Looking ahead to the prospects of NB in 2023, the global situation of politics and economics is still uncertain, and the inventory of NB brand manufacturers is still at a high level. Research institutions predict that the inventory clearance time point will be in the first half of 2023. In terms of sales, the demand for consumer and commercial notebooks continues to face pressure to slow down, but attention should still be paid to the marketing and new product release strategies of brand manufacturers. Finally, the shift of the supply chain from China is accelerating, and it is mainly shifting to manufacturing bases such as Vietnam, India, and Mexico, dominated by NB US brands. TrendForce predicts that the annual decline rate of shipments in 2023 will be about 7.8%, with shipments of only 171 million units.

(3) Specific Absorption Rate measurement, SAR

According to Business Research Insights, the global market size of SAR measurement was 43 million US dollars in 2022, and it is estimated to reach 4.8 million US dollars by 2028, with a compound annual growth rate of 1.8%. In terms of product items, it can be divided into Traditional SAR Measurement and Fast SAR Measurement System, and the sales end of the product includes laboratories and electronic equipment factories. Currently, traditional SAR is the mainstream, but the demand for fast SAR measurement products is growing rapidly due to the increasing demand for production and manufacturing and rapid testing. The main equipment manufacturers include Swiss SPEAG, Microwave Vision Group, ART-FI, TDK RF Solutions, IndexSAR, etc.

(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 development is based on communication technology, with cross-domain expansion and service integration. In the field of antennas, the company actively invests resources in forward-looking technology development and collaborates closely with customers to develop high-end integrated antenna designs for industrial use, V2X antennas, 5G antennas, etc. Under the development trends of 5G/6G communication and low-earth-orbit satellites, the company is committed to developing system-level millimeter-wave and array antenna systems. The related design and development have been recognized by international Tier1 customers and have achieved shipment records and cooperative projects.

In terms of competitive niches in measurement equipment testing, the company has mastered the most advanced wireless communication electromagnetic absorption measurement standards, directions, and trends, and is deeply trusted by OEMs and customers in the Greater China region for electromagnetic absorption equipment testing sales, achieving the highest market share. Meanwhile, the company is also exploring emerging applications in smart and precision healthcare, such as epilepsy/implant safety preoperative simulation systems and medical device testing, and is collaborating with well-known domestic medical institutions on emerging products.

Finally, the telecom product testing and certification service was transferred to its wholly-owned subsidiary, Auray Technology Co., Ltd. The laboratory is the only OTIC third-party testing and certification laboratory officially recognized by the O-RAN Alliance in Taiwan. It collaborates with well-known domestic telecommunications operators and electronic manufacturers, and has a competitive advantage by being located in a critical hub of the industry.

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.There are many domestic and foreign competitors, and product life cycles are short. Price competition is fierce, which makes it necessary for the company to continue to deepen cooperation with customers to improve market competitiveness. In the long term, the company regularly applies for patents and has a patent application mechanism to facilitate its long-term technology layout.

B.The company's brand recognition and trust are insufficient, which leads to long customer certification lead times. The company is collaborating with well-known domestic and foreign companies, supply chains, IC manufacturers, and corporations, and has established a new market department to enhance its international brand recognition and speed up customer certification.

C.The company faces the impact of political issue between the US and China, the post-pandemic environment, the Ukraine-Russia conflict, and supply chain fragmentation. To address this, the company has established a new market intelligence unit to grasp market dynamics and develop corresponding measures. With customers, the company is deepening cooperation to accelerate the layout of design and manufacturing in Southeast Asia (Vietnam plant) to share relevant 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	2021				2022				2023Q1			
	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	359,495	51.30	None	Vendor A	427,271	53.11	None	Vendor A	95,564	55.44	None
2	Vendor B	82,846	11.82	None	-	-	-	-	-	-	-	-
	Others	258,442	36.88	-	Others	377,298	46.89	-	Others	76,795	44.56	-
	Net purchases	700,783	100.00	-	Net purchases	804,569	100.00	-	Net purchases	172,359	100.00	-

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	2021				2022				2023 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 A	143,806	10.04	None	Customer A	249,321	14.51	None	Customer A	36,179	8.57	None
	Others	1,289,020	89.96	-	Others	1,468,718	85.49	-	Others	385,825	91.43	-
	Net sales	1,432,826	100.00	-	Net sales	1,718,039	100.00	-	Net sales	422,004	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	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Antenna		23,048	16,134	356,512	17,114	12,696	815,734
Testing and certification services		-	-	61,310	-	-	6,030
Total		23,048	16,134	417,822	17,114	12,696	821,764

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	2021				2022			
		Local		Export		Local		Export	
		Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Antenna		1,115	52,021	38,055	479,050	1,196	65,005	32,975	729,582
Measurement Equipment		Note	162,945	Note	423,676	Note	173,652	Note	543,552
Testing and certification services		Note	98,025	Note	217,109	Note	6,620	Note	199,628
Total		Note	312,991	Note	1,119,835	Note	245,277	Note	1,472,762

Note: measurement equipmet 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		2021	2022	Jan.1,2023-Mar.31,2023
Number of employees	Manager level and above	44	42	42
	Indirect labor employee	220	187	209
	Direct labor employee	79	38	65
	Total	343	267	316
Average age		36.10	37.62	35.51
Average years of service		3.72	4.04	2.46
Education	PhD (%)	1.13%	1.87%	1.90%
	Master's (%)	13.52%	19.85%	18.04%
	Bachelor's (%)	64.23%	56.55%	54.43%
	High School (%)	12.11%	9.74%	10.13%
	High School Below (%)	9.01%	11.99%	15.50%

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

- (I) Benefits, continuing education, training, and pension systems for employees and their implementation status, as well as labor agreements and various measures that protect employee rights:

1. Various welfare measures:

The company has established an employee welfare committee. The welfare committee meets regularly to discuss conference affairs and supervise the income and expenditure of funds. In addition to the benefits of the welfare committee, the company has a number of welfare measures based on the position of caring for employees and emphasizing labor relations.

- Employees enjoy labor insurance, health insurance, group accident insurance, and travel accident insurance.
- Employees receive annual salary adjustments, year-end bonuses, and performance bonuses.
- Implementation of a restricted stock policy for employees.
- Regular health check-ups for employees.
- Providing free meals or meal subsidies for employees.
- On-the-job training and external professional training for employees.
- Annual domestic travel subsidies for employees.
- Various cash gifts for employees on occasions such as marriage, funerals, celebrations, and birthdays.
- Implemented a hybrid work model in response to the pandemic.
- Implemented paid vaccination leave to allow employees to work in a protected workplace.

- The board of directors approved an employee stock trust proposal, which is expected to be officially implemented in the 2023.

2. Staff training and training:

- (1) In order to enhance employees' self-knowledge and to cooperate with the company's operating policies and development goals, the company provides training programs for new employees from the beginning of their entry into the company. According to the development of individual functions, the company arranges training programs for employees to enhance professional knowledge and Skill.
- (2) For new recruits, through the enterprise mentor system and task assignment experience, and strengthen the personnel care mechanism, complete the complete training of new recruits in the company.
- (3) Regular monthly education and training courses, which include professional training, language training, leadership training, humanities and health lectures, career planning, performance appraisal and other related content.
- (4) In the supervisory part, strengthen the guidance of middle and high-level executives to improve their professional ability, so as to strengthen their management ability and cope with the company's future development plan.
- (5) Training execution rate for the year 2022: 97.5%.
- (6) The training process in the year 2022 was recognized by the Department of Labor Development and received the bronze-level recognition in the "Talent Development Quality Management System Assessment" for corporate institutions.
- (7) Received subsidies from the Ministry of Labor for promoting work-life balance in 2022.
- (8) Received subsidies from the Department of Labor Development, Ministry of Labor, for the implementation of the Enterprise Human Resources Enhancement Program/Training Program for Stable Employment of Middle-aged and Older Workers in 2022.
- (9) "Star Expansion Program": In order to attract and retain excellent talents, it is planned to have one employee in 2022 who meets the specified criteria to apply for paid doctoral studies.
- (10) Monthly education and training courses are conducted, covering professional training, ESG sustainability courses, leadership development, humanities and health lectures, career planning, performance evaluation, and other related topics. During the reporting period, a total of 20 internal technical seminars and sharing sessions were held within the business group.

3. Retirement system and implementation:

The company established the Employee Pension Supervision Committee in 2000, and according to the laws and regulations, a fixed proportion of the amount is allocated every month and deposited in the specified financial institution, and in accordance with the provisions of the Labor Standards Law, there are relevant labor retirement measures, and the retirement reserve is set aside gold. The employee's service period expires according to the decree, and the retirement payment is handled according to the decree and the company's relevant regulations. In addition, starting from July 1, 2005, according to the Labor Retirement Regulations, the retirement balance will be transferred to the employee's personal account on a monthly basis.

4. Labor agreement situation:

The company's labor-management relationship has always been harmonious, with two-way communication and coordination between labor and management. There are no labor disputes, so there is no labor-management agreement.

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

The company has been committed to environmental protection, energy saving and employee care for a long time. It is expected that while the company grows, it can also fulfill its social responsibilities, move towards the road of sustainable operation, and abide by relevant domestic laws and regulations. For the environmental safety operation of the factory area, in addition to carrying out various environmental testing and personnel operating environment measurement according to the law, a complete auditing procedure, daily patrol inspection, high-risk operation inspection, and irregular acceptance of relevant domestic and foreign third-party verification units or customers audit. In order to effectively improve the awareness of safety and hygiene among all employees, the company plans relevant courses, so that employees can recognize hazards and implement safety standard procedures to truly 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):

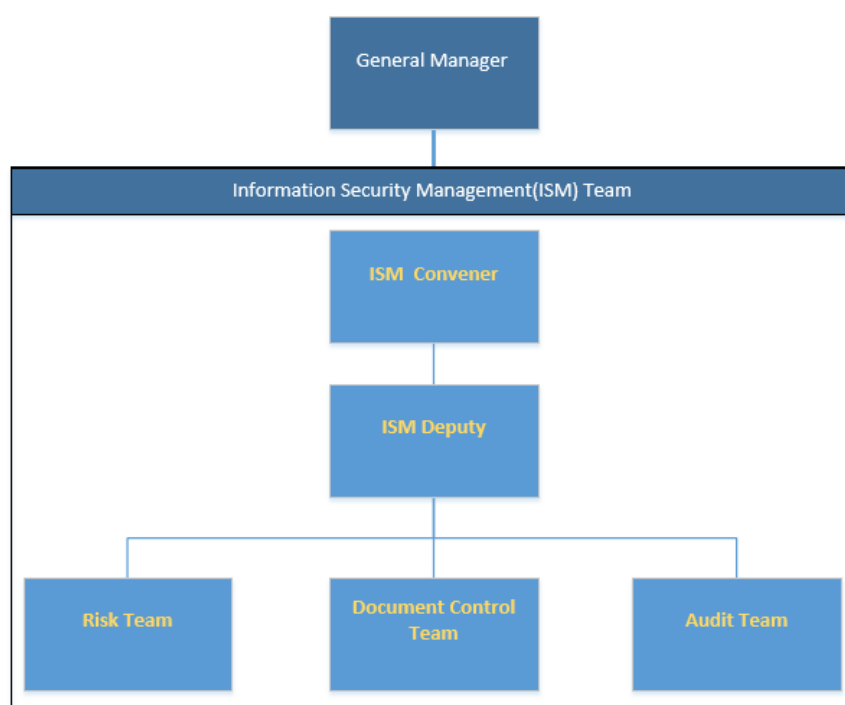
The company has always been respect, care for employees as the starting point, the welfare policy is open, and in a sincere attitude to employees, labor and capital communication channel is good, get along harmoniously, labor and capital without any disputes.

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 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 management team, document management team, and audit team. The representatives of the information security management 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.

(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.

(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	2022/12/31~2023/12/31	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	2022/12/29~2023/12/28	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

Item \ Year		Financial information covering the last 5 years (Note1)					Financial information as of March 31,2023 (Note 3)
		2018	2019	2020	2021	2022	
Current assets		648,304	819,334	1,245,184	1,513,723	2,280,255	2,238,063
Property, Plant and Equipment		291,717	298,637	329,284	558,897	498,054	492,524
Intangible assets		3,686	3,668	3,928	9,405	7,920	6,967
Other assets		62,743	184,659	238,843	216,223	264,736	282,411
Total assets		1,006,450	1,306,298	1,817,239	2,298,248	3,050,965	3,019,965
Current liabilities	Before dividend	266,502	418,115	523,249	615,638	778,167	849,714
	After dividend	294,375	458,811	597,962	755,803	941,656 (Note.2)	849,714
Non-Current liability		79,261	194,458	136,200	306,763	666,036	672,826
Non-Current liability	Before dividend	345,763	612,573	659,449	922,401	1,444,203	1,522,540
	After dividend	373,636	653,269	734,162	1,062,566	1,607,692 (Note.2)	1,522,540
Attributable to the shareholder’s equity of the parent company		620,026	655,703	1,115,283	1,324,309	1,606,762	1,497,425
Share capital		408,230	406,957	466,957	467,217	467,131	467,111
Additional paid-in capital		40,786	42,033	367,809	384,651	476,307	475,981
Retained earnings	Before dividend	211,859	228,940	296,065	498,372	679,268	567,016
	After dividend	183,986	188,244	221,352	358,207 (Note.2)	515,779 (Note.2)	567,016
Other equity		(23,729)	(22,227)	(15,548)	(25,931)	(15,944)	(12,683)
Treasury Stock		(17,120)	-	-	-	-	-
Non-Controlling Interest		40,661	38,022	42,507	51,538	-	-
Total equity	Before dividend	660,687	693,725	1,157,790	1,375,847	1,606,762	1,497,425
	After dividend	632,814	653,029	1,083,077	1,235,682 (Note.2)	1,443,273 (Note.2)	1,497,425

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, 2023 (Note 3)
	2018	2019	2020	2021	2022	
Current assets	206,296	339,016	712,663	960,008	1,423,020	Not applicable (Note 3)
Property, Plant and Equipment	80,907	112,395	152,422	356,080	380,622	
Intangible assets	1,458	1,986	1,771	8,055	6,153	
Other assets	546,511	533,863	587,237	687,302	1,011,198	
Total assets	835,172	987,260	1,454,093	2,011,445	2,820,993	
Current liabilities	Before dividend	140,583	231,877	285,064	442,379	
	After dividend	168,456	272,573	359,777	582,544	
Non-Current liability		74,563	99,680	53,746	244,757	
Non-Current liability	Before dividend	215,146	331,557	338,810	687,136	
	After dividend	243,019	372,253	413,523	827,301	
Attributable to the shareholder's equity of the parent company		Not applicable	Not applicable	Not applicable	Not applicable	
Share capital		408,230	406,957	466,957	467,217	
Additional paid-in capital		40,786	42,033	367,809	384,651	
Retained earnings	Before dividend	211,859	228,940	296,065	498,372	
	After dividend	183,986	188,244	221,352	358,207	
Other equity		(23,729)	(22,227)	(15,548)	(25,931)	
Total equity	Before dividend	620,026	655,703	1,115,283	1,324,309	
	After dividend	592,153	615,007	1,040,570	1,184,144	

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 2023 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, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Revenue	748,016	919,722	1,121,773	1,432,826	1,718,039	422,004
Gross profit	335,454	383,768	472,428	605,359	693,824	183,920
Operating income	63,517	47,433	100,084	155,127	95,927	65,913
Non-Operating Income and Expenses	27,453	27,922	43,839	160,536	306,070	563
Pre-Tax Income	90,970	75,355	143,923	315,663	401,997	66,476
Continuing department net income - current	60,478	58,409	111,752	285,329	323,589	51,237
Loss from the discontinued department	-	-	-	-	-	-
Net Income - current (Loss)	60,478	58,409	111,752	285,329	323,589	51,237
Other current comprehensive income(loss) (net after tax)	(11,074)	(562)	22,744	(10,103)	(2,191)	2,318
Total current comprehensive income or loss	49,404	57,847	134,496	275,226	321,398	53,555
Net income attributable to the shareholder's equity of the parent company	52,365	59,577	107,988	275,969	320,777	51,237
Net income attributable to the non-controlling equity	8,113	(1,168)	3,764	9,360	2,812	-
Comprehensive profit and loss attributable to the shareholder's equity of the parent company	43,363	60,486	130,011	266,195	317,838	53,555
Comprehensive profit and loss attributable to the non-controlling equity	6,041	(2,639)	4,485	9,031	3,560	-
EPS	1.29	1.46	2.63	5.96	6.89	1.10

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 31,2023 (Note 2)
	2018	2019	2020	2021	2022	
Revenue	426,740	568,818	578,833	901,859	1,353,666	Not applicable (Note 2)
Gross profit	215,287	237,390	260,250	333,993	498,380	
Operating income	78,679	58,015	55,797	64,701	73,080	
Non-Operating Income and Expenses	5,475	16,984	70,689	234,666	296,603	
Pre-Tax Income	84,154	74,999	126,486	299,367	369,683	
Continuing department net income - current	52,365	59,577	107,988	275,969	320,777	
Loss from the discontinued department	-	-	-	-	-	
Net Income - current (Loss)	52,365	59,577	107,988	275,969	320,777	
Other current comprehensive income(loss) (net after tax)	(9,002)	909	22,023	(9,774)	(2,939)	
Total current comprehensive income or loss	43,363	60,486	130,011	266,195	317,838	
EPS	1.29	1.46	2.63	5.96	6.89	

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 2023 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

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, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to asset ratio	34.35	46.89	36.29	40.13	47.34	50.42
	Ratio of long-term capital to property, plant and equipment	253.65	297.41	380.06	291.84	456.34	440.64
Debt servicing capability (%)	Current ratio	243.26	195.96	237.97	245.88	293.03	263.39
	Quick ratio	212.54	158.90	197.96	188.55	247.21	220.27
	Interest Coverage ratio	320.19	26.17	56.50	114.88	40.79	23.67
Operating efficiency	A/R turnover rate (times)	2.97	3.83	3.95	4.36	4.96	4.87
	Average collection days	123	95	92	84	74	75
	Inventory turnover rate (times)	7.50	5.70	4.21	3.32	3.19	2.89
	Payable turnover ratio (times)	4.71	4.66	4.26	3.93	4.45	4.80
	Average days in sales	49	64	87	110	114	126
	Property, plant and equipment turnover ratio (times)	2.94	3.12	3.57	3.23	3.25	3.241
	Total assets turnover (times)	0.77	0.80	0.72	0.70	0.64	0.56
Profitability	Return on assets (%)	6.26	5.05	7.29	13.97	12.40	7.06
	Return on equity (%)	9.66	8.62	12.62	23.39	22.08	13.20
	Pre-tax income to paid-up capital (%)	22.28	18.52	30.82	67.56	86.06	56.93
	Net profit margin (%)	8.09	6.35	9.96	19.91	18.83	12.14
	Earnings per share (NT\$)	1.29	1.46	2.63	5.96	6.89	1.10
Cash flow	Cash flow ratio (%)	58.00	30.92	47.07	31.05	43.40	12.82
	Cash flow adequacy ratio (%)	164.98	122.49	116.22	75.51	84.46	77.32
	Cash reinvestment ratio (%)	11.38	11.64	12.87	8.01	8.04	4.63
Leverage ratios	Operating leverage ratios	5.50	9.00	5.25	4.20	6.5	2.40
	Financial leverage ratios	1.00	1.07	1.03	1.02	1.12	1.05
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. Increase in Ratio of long-term capital to property, plant and equipment : Mainly due to the increase in Non-current liabilities °							
2. Increase in Current ratio : Mainly due to the increase in current assets °							
3. Decrease in Times interest earned : Mainly due to the increase in Interest expenses °							
4. Increase in Ratio of income before tax to paid-in capital : Mainly due to the increase in Profit Before Income Tax °							
5. Increase in Cash flow ratio/Operating leverage : Mainly due to the increase in cash flows from operating activities °							

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 31,2023 (Note 2)	
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt to asset ratio	25.76	33.48	23.30	34.16	43.04	Not applicable (Note 2)	
	Ratio of long-term capital to property, plant and equipment	784.88	617.65	731.71	425.27	472.06		
Debt servicing capability (%)	Current ratio	146.74	146.21	250.00	217.01	255.13		
	Quick ratio	118.30	114.97	196.96	155.81	212.35		
	Interest Coverage ratio	479.15	127.69	213.58	272.41	42.77		
Operating efficiency	A/R turnover rate (times)	4.60	4.31	4.23	5.64	6.41		
	Average collection days	79	85	86	65	57		
	Inventory turnover rate (times)	7.02	6.82	2.99	2.87	3.64		
	Payable turnover ratio (times)	3.99	3.59	2.71	3.12	3.98		
	Average days in sales	52	54	122	127	100		
	Property, plant and equipment turnover ratio (times)	5.27	5.06	3.80	2.53	3.56		
	Total assets turnover (times)	0.51	0.58	0.40	0.45	0.48		
Profitability	Return on assets (%)	6.54	6.59	8.89	15.98	13.57		
	Return on equity (%)	8.64	9.34	12.20	22.62	21.89		
	Pre-tax income to paid-up capital (%)	20.61	18.43	27.09	13.85	15.64		
	Net profit margin (%)	12.27	10.47	18.66	30.60	23.70		
	Earnings per share (NT\$)	1.29	1.46	2.63	5.96	6.89		
Cash flow	Cash flow ratio (%)	41.87	46.71	58.16	13.13	53.92		
	Cash flow adequacy ratio (%)	132.12	147.88	93.51	51.63	71.63		
	Cash reinvestment ratio (%)	4.22	9.09	9.70	(1.00)	6.78		
Leverage ratios	Operating leverage ratios	2.21	2.93	3.92	4.05	4.78		
	Financial leverage ratios	1.00	1.01	1.01	1.02	1.14		
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. Increase in Debt to assets ratio : Mainly due to the increase in liabilities °								
2. Increase in Current ratio : Mainly due to the increase in current assets °								
3. Decrease in Times interest earned : Mainly due to the increase in Interest expenses °								
4. Increase inInventory turnover (times)/ Accounts payable turnover (times)/ Average days in sales : Mainly due to the increase in operating costs °								
5. Increase in Property, plant and equipment turnover (times)/Decrease in Net profit margin : Mainly due to the increase in Operating revenue °								
6. Increase in Cash flow ratio/ Cash flow adequacy ratio/Cash reinvestment ratio : Mainly due to the increase in cash flows from operating activities °								

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 2023 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

2022 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 Lily Lu and Lin Wu 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

2023 Annual Meeting of Shareholders, Auden Techno Corp.

Chairman of the Audit Committee: Chou, Chun-Hung

March 14th, 2023

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	2021	2022	Differene	
			Amount	%
Current assets	1,513,723	2,280,255	766,532	51
Property, Plant and Equipment	558,897	498,054	(60,843)	(11)
Intangible assets	9,405	7,920	(1,485)	(16)
Other assets	216,223	264,736	48,513	22
Total assets	2,298,248	3,050,965	752,717	33
Current liabilities	615,638	778,167	162,529	26
Non-current liabilities	306,763	666,036	359,273	117
Total liabilities	922,401	1,444,203	521,802	57
Share capital	467,217	467,131	(86)	-
Capital surplus	384,651	476,307	91,656	24
Retained earnings	498,372	679,268	180,896	36
Other equity	(25,931)	(15,944)	9,987	(39)
Non-controlling interests	51,538	-	(51,538)	(100)
Total equity	1,324,309	1,606,762	282,453	21
Analysis and description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT\$10mn.				
1. Current assets : Mainly due to the increase in Cash and cash equivalents.				
2. Other assets : Mainly due to the increase in Other non-current financial assets.				
3. Total assets : Mainly due to the increase in Cash and cash equivalents and Other non-current financial assets.				
4. Current liabilities : Mainly due to the increase in Other current liabilities, others.				
5. Non-current liabilities : Mainly due to the increase in bonds payable.				
6. Total liabilities : Mainly due to the increase in Other current liabilities, others and bonds payable.				
7. Retained earnings : Mainly due to the increase in Net income.				
8. Total equity : Mainly due to the increase in Net income.				

II. The Company's financial performance

(I) Operating results analysis

Unit: In thousands of New Taiwan Dollar

Item	year	2021	2022	Differene	
				Amount	%
Operating Revenue		1,432,826	1,718,039	285,213	20
Operating Cost		827,467	1,024,215	196,748	24
Gross Profit		605,359	693,824	88,465	15
Operating Expense		450,232	597,897	147,665	33
Operating Income		155,127	95,927	(59,200)	(38)
Net income for the period from continuing operations		160,536	306,070	145,534	91
Income (loss) before income taxes		315,663	401,997	86,334	27
Net income (loss) for the period		285,329	323,589	38,260	13
Other comprehensive income (loss) for the period (net of Income Tax)		(10,103)	-2,191	7,912	(78)
Total comprehensive income attributable to owners of parent		275,226	321,398	46,172	17
Analysis and description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT\$10mn.					
1. Operating Revenue/ Operating Cost/ Gross Profit : Mainly due to the increase in Operating Revenue.					
2. Operating Income Mainly due to the increase in Operating Expense.					
3. Operating Expense : Mainly due to the increase in Research and development expenses.					
4. Net income for the period from continuing operations : Mainly due to the increase in Non-operating income and expenses.					
5. Net income (loss) for the period/ Net income (loss) for the period/Total comprehensive income attributable to owners of parent : Mainly due to the increase in Operating Revenue.					

(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
667,762	337,738	76,812	324,766	4,131	1,411,209

(I) Analysis of changes in cash flow in the coming year (2022):

Business activity : This is mainly due to continued cash inflows from operating earnings in 2022.

Investment activity : Mainly due to the disposal of subsidiaries in 2022.

Financing activities : Mainly due to the issuance of corporate bonds in 2022.

(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 : None.

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 2022 individual financial report is NT \$206,091,000. 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	2021	2022	2023 Q1
Net interest collection (disbursement)	228	(6,396)	(2,153)
Operating income	1,432,826	1,718,039	422,004
As a percentage of revenue	0.02%	0.37%	0.51%

The net interest income (expenditure) of the company in 2021 and 2022 will be income NTD 228 thousand and expenditure NTD 6,396 thousand respectively, accounting for 0.02% and 0.37% 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 abroad 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 and as of the publication date 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.

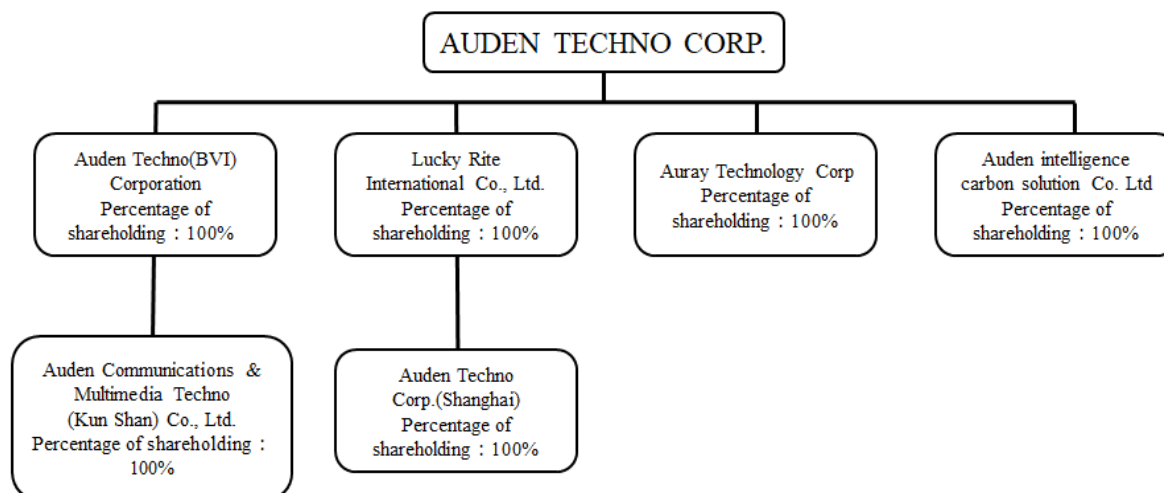
VII. Other important matters : None.

Eight. Important notice

I. Information on affiliates

(I) Organizational Chart of Affiliates

Dec.31,2022



(II) Basic information of each affiliate

2022/12/31 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.)	60,000	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.)	10,000	Carbon reduction consulting and counseling improvement
Auden Communications & Multimedia Techno(KunShan)Co., Ltd.	200109	No. 15, Yingbin Road, Zhoushi Town, Kunshan City, Jiangsu Province	69,200	Manufacturing and marketing of various antennas and other optical devices and instruments
Auden Techno Corp.(Shanghai)	2009/08	Room 301, Floor3, Building 2, No.889 Bibo Road, China (Shanghai) pilot free trade zone	41,520	Measuring equipment agent sales business

(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 mainland 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 mainland China

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

Dec.31,2022

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\$60,000 thousand	100
Auden intelligence carbon solution Co., Ltd.	Chairman / President	Chang, Yu-Pin	Amount of contribution NT\$10,000 thousand	100
Auden Communications & Multimedia Techno(KunShan)Co., Ltd.	Chairman / President Director Director supervisors	Chang, Yu-Pin Yeh, Ming-Tarng Tang, Chia-Lun Wen, Wen- Sheng	Amount of contribution US\$2,500 thousand	100
Auden Techno Corp.(Shanghai)	supervisors Director/ President	Yeh, Ming-Tarng Wen, Wen- Sheng Hsu,Ching-Yi	Amount of contribution US\$1,500 thousand	100

(VI) Operation summary of affiliates

2022/12/31 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.	60,000	118,085	64,341	53,744	6,620	(20,761)	(3,731)	NA
Auden intelligence carbon solution Co., Ltd.	10,000	9,966	120	9,846	0	(164)	(154)	NA
Auden Communications & Multimedia Techno(KunShan) Co., Ltd.	76,775	510,452	220,996	289,456	550,950	38,452	41,471	NA
Auden Techno Corp.(Shanghai)	46,065	169,274	98,877	70,397	132,316	(8,944)	(6,596)	NA
Auden Techno(BVI) Corporation	113,861	566,505	22,630	543,875	0	(275)	170,012	NA
Lucky Rite International Co., Ltd.	62,117	173,416	9,449	163,967	0	(126)	39,306	NA

(VII) Consolidated financial statement of affiliated enterprises:

2022 (2022/01/01-2022/12/31) 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

2022 Consolidated financial statements and independent auditors' report

Representation Letter

The entities that are required to be included in the combined financial statements of Auden Techno Corp. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Auden Techno Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Auden Techno Corp.

Chairman: Chang, Yu-Pin

Date: March 14, 2023



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Auden Techno Corp.:

Opinion

We have audited the accompanying consolidated financial statements of Auden Techno Corp. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 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, 2022. 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 note 4(o) for the relevant accounting policy regarding recognition of revenue, and refer to note 6(u) for relevant disclosures.

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, 2022 and 2021, 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, 2022 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 Lily Lu and Lin Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

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, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

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		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021							
		Amount	%	Amount	%			Amount	%	Amount	%						
11xx	Assets																
	Current assets:																
1100	Cash and cash equivalents (note 6(a))	\$	1,411,209	46	667,762	29	21xx	Current liabilities:	38,092	1	44,496	2					
1150	Notes receivable, net (notes 6(c) and (u))		23,863	1	41,082	2	2170	Accounts payable	156,494	5	220,997	10					
1170	Accounts receivable, net (notes 6(c) and (u))		326,811	11	297,206	13	2200	Other payables (note 6(v))	285,575	10	213,080	9					
1200	Other receivables (notes 6(d) and (f))		110,452	4	85,524	4	2230	Current tax liabilities	70,307	2	16,522	1					
1220	Current income tax assets		129	-	-	-	2280	Current lease liabilities (notes 6(o) and 7)	6,800	-	11,479	-					
130X	Inventories (note 6(e))		325,986	11	315,300	14	2399	Other current liabilities (note 6(u))	220,899	7	109,064	5					
1410	Prepayments		30,593	1	37,637	2		Total current liabilities	778,167	25	615,638	27					
1476	Other financial assets—current (notes 6(k) and 8)		48,919	1	55,874	2	25xx	Non-Current liabilities:									
1479	Other current assets		2,293	-	13,338	-	2530	Bond payables (note 6(n))	391,559	13	-	-					
	Total current assets		2,280,255	75	1,513,723	66	2540	Long-term borrowings (notes 6(m), (aa) and 8)	190,000	6	190,000	8					
15xx	Non-current assets:											2570	Deferred tax liabilities (note 6(q))	72,132	3	53,364	2
1510	Non-current financial assets at fair value through profit or loss (note 6(n))		80	-	-	-	2580	Non-current lease liabilities (notes 6(o) and 7)	11,558	-	57,853	3					
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(b))		84,158	3	71,326	3	2630	Long-term deferred revenue	-	-	4,343	-					
1600	Property, plant and equipment (notes 6(h) and 8)		498,054	16	558,897	25	2640	Non-current net defined benefit liability (note 6(p))	657	-	1,073	-					
1755	Right-of-use assets (notes 6(i) and 7)		19,940	1	68,225	3	2645	Guarantee deposits	130	-	130	-					
1760	Investment property (note 6(j))		5,351	-	5,490	-		Total non-current liabilities	666,036	22	306,763	13					
1780	Intangible assets		7,920	-	9,405	-	2xxx	Total liabilities	1,444,203	47	922,401	40					
1840	Deferred tax assets (note 6(q))		39,325	1	25,592	1	31xx	Equity attributable to owners of parent (notes 6(n), (r) and (s)):									
1980	Other financial assets—non-current (notes 6(k), (n) and 8)		108,025	4	29,983	1	3110	Ordinary shares	467,131	16	467,217	20					
1990	Other non-current assets—others		7,857	-	15,607	1	3200	Capital surplus	476,307	16	384,651	17					
	Total non-current assets		770,710	25	784,525	34	3300	Retained earnings	679,268	22	498,372	22					
							3400	Other equity interest	(15,944)	(1)	(25,931)	(1)					
								Total equity attributable to owners of parent	1,606,762	53	1,324,309	58					
							36xx	Non-controlling interests (note 6(g))	-	-	51,538	2					
							3xxx	Total equity	1,606,762	53	1,375,847	60					
1xxx	Total assets	\$	3,050,965	100	2,298,248	100	2-3xxx	Total liabilities and equity	\$	3,050,965	100	2,298,248	100				

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 Comprehensive Income

For the years ended December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (note 6(u))	\$ 1,718,039	100	1,432,826	100
5000 Operating costs (note 6(e))	<u>1,024,215</u>	<u>60</u>	<u>827,467</u>	<u>58</u>
5900 Gross profit	<u>693,824</u>	<u>40</u>	<u>605,359</u>	<u>42</u>
6000 Operating expenses (notes 6(c), (p), (s), (v) and 7):				
6100 Selling expenses	188,023	11	134,140	9
6200 Administrative expenses	193,432	11	178,326	13
6300 Research and development expenses	214,649	12	139,719	10
6450 Expected credit losses (reversal of expected credit losses)	<u>1,793</u>	<u>-</u>	<u>(1,953)</u>	<u>-</u>
Total operating expenses	<u>597,897</u>	<u>34</u>	<u>450,232</u>	<u>32</u>
6900 Net operating income	<u>95,927</u>	<u>6</u>	<u>155,127</u>	<u>10</u>
7000 Non-operating income and expenses (notes 6(f), (n), (o), (w) and 7):				
7100 Interest income	3,707	-	3,000	-
7010 Other income	68,180	4	51,595	4
7020 Other gains and losses	244,286	14	108,713	8
7050 Finance costs	<u>(10,103)</u>	<u>-</u>	<u>(2,772)</u>	<u>-</u>
Total non-operating income and expenses	<u>306,070</u>	<u>18</u>	<u>160,536</u>	<u>12</u>
7900 Income before income tax	401,997	24	315,663	22
7950 Less: Income tax expenses (note 6(q))	<u>78,408</u>	<u>5</u>	<u>30,334</u>	<u>2</u>
8200 Net income	<u>323,589</u>	<u>19</u>	<u>285,329</u>	<u>20</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	355	-	1,314	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(23,030)</u>	<u>(1)</u>	<u>(8,233)</u>	<u>(1)</u>
8349 Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>71</u>	<u>-</u>	<u>263</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(22,746)</u>	<u>(1)</u>	<u>(7,182)</u>	<u>(1)</u>
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Foreign currency translation differences for foreign operations	24,643	1	(3,783)	-
8399 Less: income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>4,088</u>	<u>-</u>	<u>(862)</u>	<u>-</u>
Total items that will be reclassified subsequently to profit or loss	<u>20,555</u>	<u>1</u>	<u>(2,921)</u>	<u>-</u>
8300 Other comprehensive income (loss), net of tax	<u>(2,191)</u>	<u>-</u>	<u>(10,103)</u>	<u>(1)</u>
8500 Total comprehensive income (loss)	<u>\$ 321,398</u>	<u>19</u>	<u>275,226</u>	<u>19</u>
Profit attributable to (note 6(g)):				
8610 Owners of parent	\$ 320,777	19	275,969	19
8620 Non-controlling interests	<u>2,812</u>	<u>-</u>	<u>9,360</u>	<u>1</u>
	<u>\$ 323,589</u>	<u>19</u>	<u>285,329</u>	<u>20</u>
Comprehensive income attributable to (note 6(g)):				
8710 Owners of parent	\$ 317,838	19	266,195	18
8720 Non-controlling interests	<u>3,560</u>	<u>-</u>	<u>9,031</u>	<u>1</u>
	<u>\$ 321,398</u>	<u>19</u>	<u>275,226</u>	<u>19</u>
Earnings per share (expressed in New Taiwan dollars) (note 6(t))				
9750 Basic earnings per share	\$ <u>6.89</u>		\$ <u>5.96</u>	
9850 Diluted earnings per share	\$ <u>6.78</u>		\$ <u>5.91</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, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of parent						Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings		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
					Unappropriated retained earnings	Total							
Balance at January 1, 2021	\$ 466,957	367,809	36,452	28,767	230,846	296,065	(40,522)	40,485	(15,511)	(15,548)	1,115,283	42,507	1,157,790
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	10,782	-	(10,782)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(74,713)	(74,713)	-	-	-	-	(74,713)	-	(74,713)
Net income for the year	-	-	-	-	275,969	275,969	-	-	-	-	275,969	9,360	285,329
Other comprehensive income (loss) for the year	-	-	-	-	1,051	1,051	(2,592)	(8,233)	-	(10,825)	(9,774)	(329)	(10,103)
Total comprehensive income (loss) for the year	-	-	-	-	277,020	277,020	(2,592)	(8,233)	-	(10,825)	266,195	9,031	275,226
Restricted stock to employee adjustments	260	16,842	-	-	-	-	-	-	(17,102)	(17,102)	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	17,544	17,544	17,544	-	17,544
Balance at December 31, 2021	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
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(55,098)	(55,098)
Restricted stock to employee adjustments	(86)	(1,402)	-	-	-	-	-	-	1,488	1,488	-	-	-
Share-based payment	-	-	-	-	-	-	-	-	11,722	11,722	11,722	-	11,722
Balance at December 31, 2022	<u>\$ 467,131</u>	<u>476,307</u>	<u>74,936</u>	<u>28,767</u>	<u>575,565</u>	<u>679,268</u>	<u>(23,307)</u>	<u>9,222</u>	<u>(1,859)</u>	<u>(15,944)</u>	<u>1,606,762</u>	<u>-</u>	<u>1,606,762</u>

See accompanying notes to consolidated financial statements.

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	\$ 401,997	315,663
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	74,021	78,862
Amortization expense	4,768	4,475
Expected credit losses	1,793	(1,953)
Net loss on financial assets or liabilities at fair value through profit or loss	1,560	-
Interest expense	10,103	2,772
Interest income	(3,707)	(3,000)
Dividend income	(1,904)	(1,554)
Share-based payments	11,722	17,544
Gain (loss) on disposal of property, plant and equipment	39	(3,032)
Unrealized gains on foreign exchange	(248)	(640)
Gain on disposal of subsidiaries	(194,179)	(98,499)
Total adjustments to reconcile profit and loss	(96,032)	(5,025)
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	17,886	1,869
Accounts receivable	(95,393)	(67,313)
Other receivables	13,848	(27,468)
Inventories	(9,709)	(132,842)
Prepayments	7,184	(21,267)
Other current assets	(1,906)	(13,315)
Total net changes in operating assets	(68,090)	(260,336)
Net changes in operating liabilities:		
Notes payable	(7,081)	5,183
Accounts payable	(63,093)	106,995
Other payables	80,366	93,117
Other current liabilities	114,396	(32,479)
Net defined benefit liability	(61)	(972)
Total net changes in operating liabilities	124,527	171,844
Total net changes in operating assets and liabilities	56,437	(88,492)
Total adjustments	(39,595)	(93,517)
Cash inflow generated from operations	362,402	222,146
Interest received	3,707	3,121
Dividends received	1,904	1,554
Interest paid	(6,231)	(2,763)
Income taxes paid	(24,044)	(32,926)
Net cash flows from operating activities	337,738	191,132
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(35,862)	(22,500)
Disposal of subsidiaries (net of cash decreased)	294,462	91,944
Acquisition of property, plant and equipment	(95,630)	(395,442)
Proceeds from disposal of property, plant and equipment	51	24,631
Acquisition of intangible assets	(4,140)	(20,530)
Decrease in other financial assets	(70,988)	1,548
Increase in other non-current assets	(3,773)	(1,043)
Increase in prepayment for equipment	(7,308)	(4,763)
Net cash flows used in investing activities	76,812	(326,155)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	-	40,000
Proceeds from issuing bonds	479,105	-
Proceeds from long-term borrowings	-	190,000
Payment of lease liabilities	(14,174)	(18,723)
Cash dividends paid	(140,165)	(74,713)
Net cash flows from financing activities	324,766	136,564
Effect of exchange rate changes on cash and cash equivalents	4,131	(2,559)
Net increase (decrease) in cash and cash equivalents	743,447	(1,018)
Cash and cash equivalents at beginning of period	667,762	668,780
Cash and cash equivalents at end of period	\$ 1,411,209	667,762

See accompanying notes to consolidated financial statements.

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AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(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

The consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2023.

(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 (FSC), 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, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

- (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, 2023, would not have a significant impact on its consolidated financial statements:

- 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"

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

- (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 IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant 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, 2022	December 31, 2021	
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	A Test Lab Techno Corp. (ATL)	Efficiency verification and tests of communication products	- %	- %	Note 4
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	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	- %	20.00 %	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	- %	54.52 %	Note 3
ATL	A test lab international corp. (ATL Seychelles)	Investment Holding (investee)	- %	- %	Note 4
ATL Seychelles	CC&C TECHNOLOGIES, INC.(CC&C Xi'an)	Efficiency verification and tests of communication products	- %	- %	Note 4
ATL Seychelles	CC&C TECHNOLOGIES, INC.(CC&C Shenzhen)	Efficiency verification and tests of communication products	- %	- %	Note 4

Note 1 : In order to continue to enhance the competitive edge of 5G products and technologies, the Company established a new share capital of \$60,000 thousand, representing a shareholding of 100.00%, in March 2021.

Note 2 : In August 2022, the Company established an additional share capital of \$10,000 thousand, representing a shareholding of 100.00%, of Auden Intelligence Carbon Solution Co. Ltd.

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 : The Group disposed of the 100% of equity interest in A Test Lab Techno Corp. including its indirect investees, in ATL Seychelles, CC&C Xi'an and CC&C Xi'an on September 1, 2021. Please refer to note 6(f) for details.

(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.

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

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.

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

(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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(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.

(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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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.

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.

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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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 shall not be recognized for the exceptions below:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on the net income or taxable gains (losses) during the transaction.
- (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, 2022	December 31, 2021
Cash	\$ 421	437
Checking and demand deposits	1,024,122	657,295
Time deposits	386,666	10,030
	<u>\$ 1,411,209</u>	<u>667,762</u>

The above cash and cash equivalents were not pledged as collateral. Pledged time deposits and restricted accounts are accounted for under other financial assets. Please refer to notes 6(k) and 8 for details.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(b) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted common shares - Ceradex Corporation	\$ 12,417	17,538
Domestic unlisted common shares - TMY Technology, Inc.	7,176	22,056
Domestic unlisted common shares - WHALETEQ CO., LTD	28,703	31,732
USA unlisted shares - Dotspace, Inc.	35,862	-
Total	<u><u>\$ 84,158</u></u>	<u><u>71,326</u></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.

No strategic investments were disposed for the years ended December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

During the years ended December 31, 2022 and 2021, the dividends of \$1,904 thousand and \$1,554 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 receivables and accounts receivables

	December 31, 2022	December 31, 2021
Notes receivable	\$ 23,863	41,082
Accounts receivable	328,597	299,522
Less: loss allowance—accounts receivables	(1,786)	(2,316)
	<u><u>\$ 350,674</u></u>	<u><u>338,288</u></u>

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

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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.

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, 2022 and 2021 were determined as follows:

	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
	<u>\$ 29,417</u>		<u>31</u>
	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 55,207	-	-
Past due 1~30 days	918	-	-
Past due 31~90 days	2,418	-	-
Past due 91~180 days	226	0-1.10	2
	<u>\$ 58,769</u>		<u>2</u>

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The Group's RFID antenna segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2022 and 2021 were determined as follows:

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>
December 31, 2021			
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 191,049	0-0.69	459
Past due 1~30 days	1,646	0-12.97	152
Past due 31~90 days	1,670	0-21.18	144
Past due 91~180 days	-	0-32.47	-
Past due 181~365 days	-	0-64.94	-
Past due over 365 days	354	100.00	354
	<u>\$ 194,719</u>		<u>1,109</u>

The Group's test and certification segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2022 and 2021 were determined as follows:

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

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	December 31, 2021		
	Gross carrying amount	Weighted- average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 42,640	0.81	343
Past due 1~30 days	1,494	5.90	88
Past due 31~90 days	569	16.56	94
Past due 91~180 days	756	32.92	249
Past due 181~365 days	324	55.43	180
Past due over 365 days	251	100.00	251
	\$ 46,034		1,205

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

	2022	2021
Beginning balance	\$ 2,316	5,382
Proceeds from disposal of subsidiaries	(2,265)	(1,071)
Impairment loss (reversal gain)	1,793	(1,953)
Amounts written off	(87)	(5)
Foreign exchange gains/(losses)	29	(37)
Ending balance	\$ 1,786	2,316

(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	\$ 38,487	50,418
Other receivables — sales of equity interests	71,965	35,106
Less: Loss allowance	-	-
	\$ 110,452	85,524

As of December 31, 2022 and 2021, there was no other receivables that was past due for the Group. Please refer to note 6(x) for other credit risk.

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(e) Inventories

	December 31, 2022	December 31, 2021
Merchandise inventory	\$ 252,171	207,454
Finished good	44,137	74,886
Semi-finished products and work in progress	20,213	17,709
Raw materials	9,465	15,251
	\$ 325,986	315,300

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

	2022	2021
Write-down of inventories (Reversal of write-downs)	\$ 14,284	255
Loss on disposal of inventory	1,122	3,103
Total	\$ 15,406	3,358

As of December 31, 2022 and 2021, 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 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.

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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	11,788
	<u>298,370</u>
Accounts payable and other payables	19,331
Lease liabilities	55,366
Other	7,433
	<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 above transactions were reported on the non-current assets held for sale (disposal group) and the liabilities directly related to the non-current assets held for sale (disposal group) as of June 30, 2021. For information, please refer to note 6(f) to the consolidated financial statements for the second quarter of 2021. 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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The carrying amount of assets and liabilities of ATL and its subsidiaries on September 1, 2021 were as follow:

Cash and cash equivalents	\$ 47,456
Notes receivables, accounts receivables and other receivables	38,055
Property, plant and equipment	75,497
Right-of-use assets	13,210
Other	<u>25,385</u>
	<u>199,603</u>
Bank borrowings	40,000
Accounts payable and other payables	66,432
Lease liabilities	13,722
Other	<u>3,538</u>
	<u>123,692</u>
Net assets disposed	<u><u>\$ 75,911</u></u>

(g) Subsidiaries that have material non controlling interest

The material non-controlling interests of subsidiaries were as follows:

Name of Subsidiary	Major Operation place Company registered country	Percentage of non- controlling interests	
		December 31, 2022	December 31, 2021
TA Technology(Shanghai) Co.,Ltd	China	- %	25.48 %

The following information on the aforementioned subsidiaries have been prepared in accordance with IFRS endorsed by the FSC. Intra group transactions were not eliminated in this information.

The summary of financial information regarding TA Technology(Shanghai) Co.,Ltd:

	December 31, 2021
Current assets	\$ 96,471
Non-current assets	190,866
Current liabilities	(26,474)
Non-current liabilities	<u>(58,595)</u>
Net assets	<u><u>\$ 202,268</u></u>
Non controlling interests	<u><u>\$ 51,538</u></u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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	2021
Operating revenue	\$ 197,381
Profit	36,739
Other comprehensive income (loss):	(1,295)
Total comprehensive income	\$ 35,444
Profits attributable to NCIs for the period	\$ 9,360
Comprehensive income, attributable to non-controlling interests	\$ 9,031
Net cash flows from operating activities	\$ 57,121
Cash from (used in) investing activities	(51,543)
Cash from (used in) financing activities	(7,507)
Effect of exchange rate changes on cash and cash equivalents	(402)
Increase in cash and cash equivalents	\$ (2,331)

The Group sold all of its equity interest in TA Technology(Shanghai), a subsidiary of the Group on December 16, 2022, and there is no need to disclose the consolidated financial information of the Group as set out in the year ended December 31,2022.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
Cost:						
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
Balance at January 1, 2021	\$ 91,444	101,360	719,255	211,908	454	1,124,421
Additions	243,997	200	116,802	20,624	4,815	386,438
Disposal of subsidiaries	-	-	(349,990)	(59,457)	(5,269)	(414,716)
Disposals	-	-	(44,497)	(4,234)	-	(48,731)
Effects of changes in foreign exchange rates	-	(426)	(2,984)	(1,000)	-	(4,410)
Balance at December 31, 2021	\$ 335,441	101,134	438,586	167,841	-	1,043,002

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
Accumulated depreciation and impairment loss:						
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	<u>\$ 29,935</u>	<u>76,109</u>	<u>70,182</u>	<u>124,780</u>	<u>-</u>	<u>301,006</u>
Balance at January 1, 2021	\$ 29,935	68,370	528,792	168,040	-	795,137
Depreciation	-	3,684	45,585	9,765	-	59,034
Disposal of subsidiaries	-	-	(292,632)	(46,587)	-	(339,219)
Disposals	-	-	(23,542)	(3,590)	-	(27,132)
Effects of changes in foreign exchange rates	-	(345)	(2,560)	(810)	-	(3,715)
Balance at December 31, 2021	<u>\$ 29,935</u>	<u>71,709</u>	<u>255,643</u>	<u>126,818</u>	<u>-</u>	<u>484,105</u>
Carrying amount:						
Balance at December 31, 2022	<u>\$ 305,506</u>	<u>25,818</u>	<u>101,596</u>	<u>44,414</u>	<u>20,720</u>	<u>498,054</u>
Balance at December 31, 2021	<u>\$ 305,506</u>	<u>29,425</u>	<u>182,943</u>	<u>41,023</u>	<u>-</u>	<u>558,897</u>

Pursuant to a resolution of the Board of Directors on February 23, 2021, the Comapny intended to acquire the land in the Bade District from the non-related parties in accordance with its operational requirements and long-term development strategy, and signed a contract on February 26, 2021 for a total land price of approximately \$243,654 thousand. The amount of \$243,654 thousand of land payment and related transaction fees of \$343 thousand, totaling to \$243,997 thousand, were paid before the end of June 2021 and the land title transfer procedure was completed.

Please refer to note 8 for the details of items pledged to secure long term bank borrowings and financing facility as of December 31, 2022 and 2021.

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

(i) 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>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
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>-</u>	<u>488</u>	<u>36,493</u>
Balance at January 1, 2021	\$ 2,608	133,527	3,366	108	139,609
Additions	-	9,673	-	-	9,673
Disposal of subsidiaries	-	(39,768)	-	-	(39,768)
Decrease	-	(2,263)	(3,366)	-	(5,629)
Effects of changes in foreign exchange rates	(21)	(1,017)	-	-	(1,038)
Balance at December 31, 2021	<u>\$ 2,587</u>	<u>100,152</u>	<u>-</u>	<u>108</u>	<u>102,847</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>-</u>	<u>186</u>	<u>16,553</u>
Balance at January 1, 2021	\$ 157	44,231	2,992	55	47,435
Depreciation	78	19,208	374	28	19,688
Disposal of subsidiaries	-	(26,558)	-	-	(26,558)
Decrease	-	(2,263)	(3,366)	-	(5,629)
Effects of changes in foreign exchange rates	(2)	(312)	-	-	(314)
Balance at December 31, 2021	<u>\$ 233</u>	<u>34,306</u>	<u>-</u>	<u>83</u>	<u>34,622</u>
Carrying amount:					
Balance at December 31, 2022	<u>\$ 2,310</u>	<u>17,328</u>	<u>-</u>	<u>302</u>	<u>19,940</u>
Balance at December 31, 2021	<u>\$ 2,354</u>	<u>65,846</u>	<u>-</u>	<u>25</u>	<u>68,225</u>

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Notes to the Consolidated Financial Statements

(j) Investment property

	Land and improvements	Buildings	Total
Cost:			
Balance at December 31, 2022 (as of balance January 1, 2022)	\$ <u><u>3,350</u></u>	<u><u>5,025</u></u>	<u><u>8,375</u></u>
Balance at December 31, 2021 (as of balance January 1, 2021)	\$ <u><u>3,350</u></u>	<u><u>5,025</u></u>	<u><u>8,375</u></u>
Accumulated depreciation and impairment loss:			
Balance at January 1, 2022	\$ -	2,885	2,885
Depreciation	<u>-</u>	<u>139</u>	<u>139</u>
Balance at December 31, 2022	\$ <u><u>-</u></u>	<u><u>3,024</u></u>	<u><u>3,024</u></u>
Balance at January 1, 2021	\$ -	2,745	2,745
Depreciation	<u>-</u>	<u>140</u>	<u>140</u>
Balance at December 31, 2021	\$ <u><u>-</u></u>	<u><u>2,885</u></u>	<u><u>2,885</u></u>
Carrying amount:			
Balance at December 31, 2022	\$ <u><u>3,350</u></u>	<u><u>2,001</u></u>	<u><u>5,351</u></u>
Balance at December 31, 2021	\$ <u><u>3,350</u></u>	<u><u>2,140</u></u>	<u><u>5,490</u></u>
Fair value:			
Balance at December 31, 2022		\$ <u><u>11,404</u></u>	
Balance at December 31, 2021		\$ <u><u>11,174</u></u>	

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, 2022 and 2021 were 1.97% to 2.03% and 1.06% 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.

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Notes to the Consolidated Financial Statements

(k) Other current financial assets

	December 31, 2022	December 31, 2021
Current		
Time deposits and restricted account	\$ 45,469	44,374
Cash in banks for foreign exchange (FX)	<u>3,450</u>	<u>11,500</u>
Subtotal	<u>48,919</u>	<u>55,874</u>
Non-current		
Time deposits	1,100	1,126
Cash in banks for foreign exchange (FX)	24,677	24,798
Convertible bond secured deposits	80,000	-
Refundable deposits	<u>2,248</u>	<u>4,059</u>
Subtotal	<u>108,025</u>	<u>29,983</u>
Total	<u>\$ 156,944</u>	<u>85,857</u>

The Group remitted 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.

As of December 31, 2022 and 2021, the other financial assets were pledged as collateral, please refer to note 8.

(l) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured bank borrowings	<u>\$ -</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 195,504</u>	<u>102,445</u>
Range of interest rates (%)	<u>-</u>	<u>-</u>

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

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(m) Long-term borrowings

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

<u>Activity</u>	<u>Loan period and payment term</u>	<u>Range of interest rates(%)</u>	<u>December 31, 2022</u>
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>

<u>Activity</u>	<u>Loan period and payment term</u>	<u>Range of interest rates(%)</u>	<u>December 31, 2021</u>
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)	1.15	\$ 190,000
Less: current portion			-
			<u>\$ 190,000</u>
Unused long-term credit lines			<u>\$ -</u>

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

(n) Bonds payable

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

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

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	2022
Interest expense (note)	\$ 3,872

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.

- 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

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

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.

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:

	Amount
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>\$ 93,058</u>

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As of December 31, 2022, the Group 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 December 31, 2022</u>
Embedded derivative financial assets (redemption)-balance on date of issue	\$ 1,640
Loss on evaluation	<u>(1,560)</u>
	<u>\$ 80</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.

(o) Lease liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ <u>6,800</u>	<u>11,479</u>
Non-current	\$ <u>11,558</u>	<u>57,853</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>1,211</u>	<u>1,477</u>
Expenses relating to short-term leases	\$ <u>467</u>	<u>2,579</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>3,116</u>	<u>271</u>

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

	<u>2022</u>	<u>2021</u>
Net cash outflows from operating activities	\$ 4,794	4,327
Net cash outflow from financing activities	<u>14,174</u>	<u>18,723</u>
Total cash outflow for leases	<u>\$ 18,968</u>	<u>23,050</u>

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(i) Real estate leases

As of December 31, 2022 and 2021, 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.

(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 Group were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ (5,250)	(5,248)
Fair value of plan assets	4,593	4,175
Net defined benefit liability	<u><u>\$ (657)</u></u>	<u><u>(1,073)</u></u>

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, 2022, the Group's pension fund with Bank of Taiwan amounted to \$4,593 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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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 December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ (5,248)	(8,451)
Current service costs and interest	(36)	(27)
Remeasurement of net liabilities (assets) for defined benefit obligations		
— Actuarial loss (gain) arising from experience adjustments	(314)	971
— Actuarial loss (gain) arising from demographic assumptions	-	(19)
— Actuarial loss (gain) arising from financial assumptions	348	308
Disposal of subsidiaries	<u>-</u>	<u>1,970</u>
Defined benefit obligation at December 31	<u><u>\$ (5,250)</u></u>	<u><u>(5,248)</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 December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 4,175	5,092
Interest income	29	20
Remeasurements of the net defined benefit liabilities (assets)—return on plan assets (excluding interest income)	321	54
Contributions paid by the employer	68	162
Disposal of subsidiaries	<u>-</u>	<u>(1,153)</u>
Fair value of plan assets at December 31	<u><u>\$ 4,593</u></u>	<u><u>4,175</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 December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current service costs	\$ -	-
Net interest on the defined benefit liabilities (asset)	7	7
	<u>\$ 7</u>	<u>7</u>
Total operating costs	\$ -	2
Administrative expenses	2	2
Research and development expense	5	3
	<u>\$ 7</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>2022</u>	<u>2021</u>
Cumulative amount at January 1	\$ (5,227)	(6,541)
Recognized in current period	355	1,314
Cumulative amount at December 31	<u>\$ (4,872)</u>	<u>(5,227)</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, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.30 %	0.70 %
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 is \$81 thousand.

The weighted average duration of the defined benefit plan is 10 years.

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7) Sensitivity analysis for actuarial assumption

As of December 31, 2022 and 2021, 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, 2022		
Discount rate (changes 0.25%)	\$ (137)	141
Future salary increasing rate (changes 0.25%)	139	(135)
At December 31, 2021		
Discount rate (changes 0.25%)	\$ (148)	154
Future salary increasing rate (changes 0.25%)	150	(145)

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 December 31, 2022 and 2021. 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 \$12,567 thousand and \$12,247 thousand for the years ended December 31, 2022 and 2021, respectively.

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(q) Income taxes

- (i) The amounts of the Group's income tax expense (benefit) for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current taxes expense		
Current period	\$ 82,295	29,884
Adjustment for prior periods	<u>(4,763)</u>	<u>5,027</u>
	<u>77,532</u>	<u>34,911</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(9,257)	(5,934)
Adjustment for prior years' deferred income tax	<u>10,133</u>	<u>1,357</u>
	<u>876</u>	<u>(4,577)</u>
Income tax expense	<u><u>\$ 78,408</u></u>	<u><u>30,334</u></u>

The amounts of the Group's income tax expense recognized under other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Items that may not be reclassified into profit and loss:		
Remeasurement of defined benefit plans	<u><u>\$ (71)</u></u>	<u><u>(263)</u></u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ (4,088)</u></u>	<u><u>862</u></u>

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Reconciliations of the Group's income tax expense (benefit) and income before tax for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Income before tax	\$ 401,997	315,663
Income tax using the Company's domestic tax rate	\$ 80,399	63,133
Effect of tax rates in foreign jurisdiction	(2,752)	12,735
Loss (gain) on disposal of domestic subsidiaries	774	(19,700)
Income from tax exemption	(380)	(11,487)
Investment tax credit	(6,668)	(3,136)
Recognition of previously unrecognized tax losses	-	(298)
Change in unrecognized temporary differences	(382)	(19,688)
Adjustment for deferred income tax of prior years	10,133	1,357
Change in provision in prior periods	(4,763)	5,027
Additional tax on undistributed earnings	3,409	463
Income tax paid on overseas income	-	379
Other	(1,362)	1,549
Total	\$ 78,408	30,334

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 166,734	-
Unrecognized deferred tax liabilities	\$ 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, 2022	December 31, 2021
Unused tax losses	\$ 6,743	2,594

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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.

As of December 31, 2022, 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	3,995	2032
Total	<u><u>\$ 6,589</u></u>	
Auden Intelligence Carbon Solution Co. Ltd.		
2022	<u><u>\$ 154</u></u>	2032

3) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax liabilities:

	Long term gains on investments (foreign)	Others	Total
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>
Balance at January 1, 2021	\$ (50,645)	(190)	(50,835)
Recognized in profit or loss	(2,453)	(163)	(2,616)
Proceeds from disposal of subsidiaries	-	87	87
Balance at December 31, 2021	<u><u>\$ (53,098)</u></u>	<u><u>(266)</u></u>	<u><u>(53,364)</u></u>

Deferred tax assets:

	Impairment on assets	Adjustments	Other	Total
Balance at January 1, 2022	\$ 6,619	4,088	14,885	25,592
Recognized in profit or loss	-	-	17,892	17,892
Recognized in other comprehensive income	-	(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>

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	Impairment on assets	Adjustments	Other	Total
Balance at January 1, 2021	\$ 6,619	3,226	9,617	19,462
Recognized in profit or loss	-	-	7,193	7,193
Recognised in other comprehensive loss	-	862	(263)	599
Proceeds from disposal of subsidiaries	-	-	(1,662)	(1,662)
Balance at December 31, 2021	\$ 6,619	4,088	14,885	25,592

(iii) Examination and approval

The ROC income tax authorities have examined the Group's income tax returns through 2020. The Group's income tax returns of subsidiaries in Mainland China for the years through 2021 have been reported to the P.R.C income tax authorities.

(r) Share capital and other equity

As of December 31, 2022 and 2021, 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, 2022 and 2021, 46,713 thousand ordinary shares and 46,722 thousand shares are issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for December 31, 2022 and 2021 were as follows:

	(In thousands of shares)	
	Ordinary share	
	2022	2021
Outstanding at January 1	46,396	46,196
Vesting condition of restricted stock to employee	259	200
Outstanding at December 31	46,655	46,396
Restricted stock to employee issued by January 1	326	500
Vesting condition of restricted stock to employee	(259)	(200)
Write down of restricted stock to employee	(9)	(100)
Issue restricted stock to employee	-	126
Restricted stock to employee issued but not outstanding by December 31	58	326
Equity at end of period, December 31	46,713	46,722

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

(i) Ordinary shares

The shareholders' meeting resolved on June 2, 2020 to issue 1,100 thousand shares, with a par value of \$10 per share, of restricted stock to full-time employees who conformed to certain requirements at no costs. The total shares amounting to \$11,000 thousand. The case has been declared to be in effect by the Securities and Futures Bureau of Financial Supervisory Commission on August 17, 2020. Pursuant to the Board of Directors resolution on August 12, 2020, the Company issue 500 thousand new shares in the first new restricted employee shares for the year ended December 31, 2020. Then the Chairman is authorized to set October 5, 2020 as the base day for the increase of the share capital. On August 11, 2021, the second new restricted employee shares, amounting to total of 126 thousand shares, for the year ended December 31, 2020 were issued by a resolution of the Board of Directors. The chairman is authorized to set August 16, 2021 as the base day for increase of the share capital. All of the statutory registration procedure has been completed. Please refer to note 6(s) for the information of the Company's restricted employee new shares.

The Company has recovered 100 thousand new restricted employee shares as a result of the employee turnover in March 2021 with a par value of \$1,000 thousand, including the adjusted capital reserve and unearned employee compensation, amounting to \$4,696 thousand. On May 11, 2021, the Board resolved to set May 31, 2021 to be the base day for the capital reduction. The relevant statutory registration procedures were completed on June 15, 2021 and the adjusted capital reserve of \$1,000 thousand was canceled.

The Company has recovered 8,600 thousand new restricted employee shares as a result of the employee turnover from May to August 2022 with a par value of \$86 thousand, including the adjusted capital reserve and other equity - unearned employee compensation, amounting to \$1,488 thousand, respectively. On August 10, 2022, the Board resolved to set August 31, 2022 to be the base day for the capital reduction. The relevant statutory registration procedures were completed on September 16, 2022 and the adjusted capital reserve of \$86 thousand was write down.

The shareholders' meeting resolved on August 27, 2021 to issue 300 thousand shares, with a par value of \$10 per share, of restricted stock to full-time employees who conformed to certain requirements at no costs. The total shares amounting to \$3,000 thousand. The case has been declared to be in effect by the Securities and Futures Bureau of Financial Supervisory Commission on August 17, 2022.

As of December 31, 2022, the restricted company shares of stock issued to employees have expired, of which 2 thousand shares are pending to be retired. The Board authorized the Chairman to set the base day for this capital reduction on March 10, 2023, which has not yet been write down.

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

(ii) Capital surplus

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

	December 31, 2022	December 31, 2021
Share capital at premium	\$ 373,795	349,329
Restricted stock to employee	9,454	35,322
Share option — equity components recognized for convertible bonds issued	93,058	-
	<u>\$ 476,307</u>	<u>384,651</u>

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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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.

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, 2022 and 2021.

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 2021 and 2020 earnings have been approved by the Company's shareholders in its meetings held on March 23, 2022 and March 23, 2021, respectively. The appropriations and dividends per share were as follows:

	2021		2020	
	Amount per share (dollars)	Total Amount	Amount per share (dollars)	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.00	<u><u>140,165</u></u>	1.60	<u><u>74,713</u></u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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On March 14, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share(dollars)	Total Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 3.50	163,489

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

(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	Non-controlling interests	Total
Balance at January 1, 2022	\$ (43,114)	32,252	(15,069)	(3,151)	(29,082)
Exchange differences on translation of net assets of foreign operations	19,807	-	-	748	20,555
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
Proceeds from disposal of subsidiaries	-	-	-	2,403	2,403
Balance at December 31, 2022	\$ (23,307)	9,222	(1,859)	-	(15,944)
Balance at January 1, 2021	\$ (40,522)	40,485	(15,511)	(2,822)	(18,370)
Exchange differences on translation of net assets of foreign operations	(2,592)	-	-	(329)	(2,921)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(8,233)	-	-	(8,233)
Restricted stock to employee adjustments	-	-	(17,102)	-	(17,102)
Share-based payment	-	-	17,544	-	17,544
Balance at December 31, 2021	\$ (43,114)	32,252	(15,069)	(3,151)	(29,082)

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

(s) Sharebased payment

The information of the Company's restricted employee new 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, 2020 (issued in 2021)	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Grant date	August 16, 2021	October 5, 2020
Number of options granted	126,000	500,000
Contract term (years)	1~2	1~2
Vesting conditions	Note	Note
Exercise price per share (dollars)	\$0	\$0
Adjusted performance price (dollars)	\$0	\$0

Note: Vesting conditions

(i) years of service

- 1) 25% of the shares are vested in employees who remain in service for one year following the expiry date after receiving new restricted employee shares.
- 2) 25% of the shares are vested in employees who remain in service for two years following the expiry date after receiving new restricted employee shares.

(ii) individual performance

- 1) In the year of receiving new 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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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- 2) In the subsequent year of receiving new 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.

- (i) Measurable parameter of fair value at grant date

The second issuance of the Company in the year ended December 31, 2021 was based on the fair value of the share-based payment at the closing price of \$173 on the grant date.

For the first issuances in the year ended December 31, 2020, the Company used the Black Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were 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

- (ii) The information of the Company's restricted employee new shares (in thousands) is as follows:

	Unit: thousand shares	
	2022	2021
Outstanding at January 1	326	500
Retired during the year	(9)	(100)
Number of options granted during the year	-	126
Forfeited during the year	(2)	-
Vested during the year	(259)	(200)
Outstanding at December 31	56	326

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

(iii) Expenses recognized in profit or loss

For the years ended December 31, 2022 and 2021, the compensation cost recognized amounted to \$11,722 thousand and \$17,544 thousand, respectively and are accounted for under operation expense. As of December 31, 2022 and 2021, the Company has deferred the unearned compensation cost arising from the issuance of restricted stock awards amounting to \$1,859 thousand and \$15,069 thousand, respectively. Such deferred amounts were recorded as deduction of other equity. Please refer to note 6(r) for details of changes in the Company's interests as a result of the issuing new shares restricting the rights of employees.

(t) Earnings per share

	<u>2022</u>	<u>2021</u>
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ <u>320,777</u>	<u>275,969</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	<u>46,527</u>	<u>46,295</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>6.89</u>	<u>5.96</u>
Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company (basic)	\$ 320,777	275,969
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>328,209</u>	<u>275,969</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	46,527	46,295
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	67	29
Effect of the conversion of convertible bonds	1,658	-
New restricted employee shares	<u>177</u>	<u>364</u>
Weighted average number of ordinary shares outstanding (after adjusting the effect of dilutive the potential ordinary share) (in thousands of shares)	<u>48,429</u>	<u>46,688</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>6.78</u>	<u>5.91</u>

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 245,280	312,991
Mainland China	1,445,252	1,083,354
Other countries	<u>27,507</u>	<u>36,481</u>
	<u><u>\$ 1,718,039</u></u>	<u><u>1,432,826</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, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes receivable	\$ 23,863	41,082	43,541
Accounts receivable	328,597	299,522	247,506
Accounts receivable—current	-	-	22,762
Installment accounts receivable— non-current	-	-	3,502
Less: Unrealized interest income— current	-	-	(935)
Unrealized interest income— non-current	-	-	(25)
Loss allowance—accounts receivable	(1,786)	(2,316)	(5,382)
Total	<u><u>\$ 350,674</u></u>	<u><u>338,288</u></u>	<u><u>310,969</u></u>
contract liability (recognized in other current liabilities - others)	<u><u>\$ 217,906</u></u>	<u><u>94,777</u></u>	<u><u>133,905</u></u>

For details on accounts receivable and its loss allowance, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2022 and 2021 included the contract liability balance at the beginning of the period were \$72,623 thousand and \$126,769 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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(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.

The Company estimated its remuneration to employees amounting to \$7,685 thousand and \$6,160 thousand and directors' and supervisors' remuneration amounting to \$6,916 thousand and \$2,464 thousand for the years ended December 31, 2022 and 2021, 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 2022 and 2021. 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, 2021, the remunerations to employees amounted to \$6,160 thousand. The remuneration to directors and supervisors amounted to \$2,464 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 Group were as follows:

	2022	2021
Interest income from bank deposits	\$ 3,707	2,997
Other interest income	-	3
Total interest income	<u>\$ 3,707</u>	<u>3,000</u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(ii) Other income

The details of other income of the Group were as follows:

	2022	2021
Rent income	\$ 492	483
Dividend income	1,904	1,554
Other income — other		
Revenues from project	59,652	40,048
Others	6,132	9,510
Other income — other subtotal	65,784	49,558
	\$ 68,180	51,595

(iii) Other gains and losses

The details of other income of the Group were as follows:

	2022	2021
Gain (loss) on disposal of property, plant and equipment	\$ (39)	3,032
Gain on disposals of subsidiaries, net	194,179	98,499
Gains on foreign exchange, net	53,172	9,831
Net loss on financial assets or liabilities at fair value through profit or loss	(1,560)	-
Other gains and losses	(1,466)	(2,649)
	\$ 244,286	108,713

(iv) Finance cost

The details of finance cost of the Group were as follows:

	2022	2021
Interest on bank borrowings	\$ 2,989	1,295
Interest expenses on lease liabilities	1,242	1,477
Discount amortization of corporate bonds payable	3,872	-
The guarantee service fee of corporate bond	2,000	-
	\$ 10,103	2,772

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Notes to the Consolidated Financial Statements

(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, 2022 and 2021, 43% and 32%, 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.

(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, 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 Payables	391,559	400,000	-	-	400,000	-
Guarantee deposits	130	130	130	-	-	-
	<u><u>\$ 1,027,731</u></u>	<u><u>1,070,963</u></u>	<u><u>438,316</u></u>	<u><u>13,345</u></u>	<u><u>446,654</u></u>	<u><u>172,648</u></u>
December 31, 2021						
Notes payable	\$ 44,496	44,496	44,496	-	-	-
Accounts payable	220,997	220,997	220,997	-	-	-
Other payables	170,997	170,997	170,997	-	-	-
Lease liabilities	69,332	73,515	12,618	10,907	31,659	18,331
Long-term borrowings (including current portion)	190,000	213,944	2,185	2,185	34,081	175,493
Guarantee deposits	130	130	130	-	-	-
	<u><u>\$ 695,952</u></u>	<u><u>724,079</u></u>	<u><u>451,423</u></u>	<u><u>13,092</u></u>	<u><u>65,740</u></u>	<u><u>193,824</u></u>

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

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, 2022			December 31, 2021			
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	17,541	30.7100	538,698	12,251	27.6800	339,102
CNY		12,630	4.4080	55,672	24,962	4.3440	108,435
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		3,471	30.7100	92,027	4,722	27.6800	130,692
CNY		20,877	4.4080	106,590	29,277	4.3440	127,179

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, 2022 and 2021, would have increased or decreased the profit before tax by \$9,498 thousand and \$4,552 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 \$53,172 thousand and \$9,831 thousand for the years ended December 31, 2022 and 2021, respectively.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(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, 2022			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Convertible bonds- redemption right	\$ 80	-	80	-	80
Financial assets at fair value through other comprehensive income					
Equity instrument without quoted price measured at fair value	84,158	-	-	84,158	84,158
Financial assets measured at amortized cost					
Cash and cash equivalents	1,411,209	-	-	-	-
Notes and accounts receivable	350,674	-	-	-	-
Other receivables	110,452	-	-	-	-
Other financial assets (current and non- current)	156,944	-	-	-	-
Subtotal	2,029,279	-	-	-	-
Total	<u>\$ 2,113,517</u>	<u>-</u>	<u>80</u>	<u>84,158</u>	<u>84,238</u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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December 31, 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 190,000	-	-	-	-
Notes and accounts payable	194,586	-	-	-	-
Other payables	233,098	-	-	-	-
Lease liabilities	18,358	-	-	-	-
Bonds Payable	391,559	-	-	-	-
Guarantee deposits	<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,027,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2021					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through other comprehensive income					
Equity instrument without quoted price measured at fair value	\$ <u>71,326</u>	<u>-</u>	<u>-</u>	<u>71,326</u>	<u>71,326</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	667,762	-	-	-	-
Notes and accounts receivable	338,288	-	-	-	-
Other receivables	85,524	-	-	-	-
Other financial assets (current and non- current)	<u>85,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,177,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,248,757</u>	<u>-</u>	<u>-</u>	<u>71,326</u>	<u>71,326</u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Bank borrowings	\$	190,000	-	-	-	-
Notes and accounts payable		265,493	-	-	-	-
Other payables		170,997	-	-	-	-
Lease liabilities		69,332	-	-	-	-
Guarantee deposits		<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$	695,952	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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 2022 and 2021.

- 5) The reconciliation of Level 3 fair values

	Unquoted equity instruments
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	\$ <u>84,158</u>
Balance at January 1, 2021	\$ 57,059
Total gains and losses	
Recognized in other comprehensive income	(8,233)
Purchase	<u>22,500</u>
Balance at December 31, 2021	\$ <u>71,326</u>

- 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, 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	<ul style="list-style-type: none"> • 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%) 	<ul style="list-style-type: none"> • 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, 2021			
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	<ul style="list-style-type: none"> • P/B ratio (2.75 and 6.03) • The multiplier of enterprise Value and EBITDA (13.62) • Discount for lack of market liquidity (18.78%~30%) 	<ul style="list-style-type: none"> • 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:

		Upward or downward movement	Other comprehensive income arising from changes in fair value	
	Inputs		Favorable	Unfavorable
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)
Balance at December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	1,937	(1,986)
	The multiplier of enterprise Value and EBITDA	5%	1,241	(1,241)
	Discount for lack of market liquidity	5%	4,781	(4,785)

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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(y) 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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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 \$195,504 thousand as of December 31, 2022.

(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.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(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 Group's approach to capital management during the year.

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, 2022	December 31, 2021
Liabilities	\$ <u>1,444,203</u>	<u>922,401</u>
Total equity	\$ <u>1,606,762</u>	<u>1,375,847</u>
Debt-to-equity ratio	<u>89.88 %</u>	<u>67.04 %</u>

(aa) Investing and financing activities not affecting cash flows

Reconciliation of liabilities from financing activities for the years ended December 31, 2022 and 2021, were as follows:

	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	\$ <u>259,332</u>	<u>464,931</u>	<u>17,568</u>	<u>998</u>	<u>3,872</u>	<u>(91,418)</u>	<u>(55,366)</u>	<u>599,917</u>

	January 1, 2022	Cash flows	Changes in lease payments	Foreign exchange movement	Interest expense	Other	Proceeds from disposal of subsidiarie	December 31, 2022
Short-term borrowings	\$ -	40,000	-	-	-	-	(40,000)	-
Long-term borrowings	-	190,000	-	-	-	-	-	190,000
Lease liabilities	92,880	(18,723)	9,673	(776)	-	-	(13,722)	69,332
Total liabilities from financing activities	\$ <u>92,880</u>	<u>211,277</u>	<u>9,673</u>	<u>(776)</u>	<u>-</u>	<u>-</u>	<u>(53,722)</u>	<u>259,332</u>

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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>2022</u>	<u>2021</u>
Property, plant and equipment purchases	\$ 115,877	386,438
Add: Payable on machinery and equipment at beginning of period	1,279	10,283
Less: Ending balance of payable on machinery and equipment	(21,526)	(1,279)
Cash payments	<u>\$ 95,630</u>	<u>395,442</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

(c) Significant transactions with related parties

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. The recognized interest expense for the years ended December 31, 2022 and 2021 were amounted to \$29 thousand and \$8 thousand, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities were \$2,237 thousand and \$2,987 thousand, respectively.

(d) Management personnel compensation

Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 37,558	38,308
Share-based payment	3,935	17,544
Total	<u>\$ 41,493</u>	<u>55,852</u>

Please refer to note 6(s) for the details of share-based payment.

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

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other financial assets – current:			
Time deposits	Performance bond guarantee and letter	\$ 7,500	-
Time deposits and restricted account	Serves as deposit guarantee for bank to issue of notes to suppliers	37,969	44,374
Other non-current financial assets			
Time deposits	Guarantee fund of Customs Duty	1,100	1,126
Demand deposits	Convertible bonds	80,000	-
Property, plant and equipment			
Land and building	Short-term and long-term borrowings	325,858	327,120
		<u>\$ 452,427</u>	<u>372,620</u>

(9) Commitments and contingencies

(a) The aggregate unpaid amounts of contracts are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	<u>\$ 9,475</u>	<u>16,769</u>

(b) The Group issued a performance bond guarantee by the bank for the business needs on December 31, 2022 and 2021. The guarantee amounts were \$23,996 thousand and \$9,555 thousand, respectively. The guarantee period outlined in guarantee letter is from March 24, 2022 to June 30, 2023 and August 12, 2021 to June 30, 2022, respectively.

(c) In order to fulfill its corporate social responsibility, the Group engages in cultural and educational welfares activities to give back to the community, the Board of Directors resolved to donate NT\$30 million on November 8, 2022 to set up the national charity, "Auden BingNan Education Foundation". Following up on the establishment of the foundation, the Chairman is fully authorized to deal with relevant matter, and as of December 31, 2022, preparations are still under way.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(10) Losses due to major disasters: None

(11) Subsequent events

- (a) Pursuant to the resolution of the Board on May 11, 2022, the Company authorized the chairman or such person as he or she may designate to deal with all matters relating to the property construction in his or her absolute discretion within the amount of \$850,000 thousand. Then, a construction appointment contract is entered with a non-related party on March 7, 2023 for a total contract price of approximately \$724,500 thousand (including tax).
- (b) For earnings distribution in the year ended December 31, 2022, please refer to note 6(r) °

(12) Other

A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By nature	By function	Year ended December 31 2022			Year ended December 31 2021		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		85,105	306,606	391,711	90,052	245,474	335,526
Labor and health insurance		896	11,761	12,657	3,577	9,719	13,296
Pension		3,226	9,348	12,574	3,977	8,277	12,254
Others		6,211	25,850	32,061	6,684	24,699	31,383
Depreciation		43,716	30,305	74,021	52,819	26,043	78,862
Amortization		-	4,768	4,768	812	3,663	4,475

AUDEN TECHNO CORP.

Notes to Consolidated 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 Group in 2022:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2022 (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	—	Noncurrent financial assets at fair value through other comprehensive income	636,130	12,417	8.20 %	12,417	636,130	
The Comapny	TMY TECHNOLOGY INC.	—	Noncurrent financial assets at fair value through other comprehensive income	800,000	7,176	2.24 %	7,176	800,000	
The Comapny	WHALETEQ CO., LTD	—	Noncurrent financial assets at fair value through other comprehensive income	452,800	28,703	9.60 %	28,703	452,800	
The Comapny	Dotspace, Inc.	—	Noncurrent financial assets at fair value through other comprehensive income	12,000,000	35,862	16.78 %	35,862	12,000,000	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning Balance		Purchases		Sales				Ending Balance	
					Units	Amount	Units	Amount	Units	Price	Cost	Disposal gain	Units	Amount
AUDEN BVI	TA Technology(Shanghai)	Non-current assets or disposal groups classified as held for sale	EUROFINS PRODUCT TESTING LUXHOLDING S.A.R.L.	Non-related party	-	110,276	-	-	-	276,155 (note 1)	117,894	144,616 (note 2)	-	-
LUCKY	TA Technology(Shanghai)	Non-current assets or disposal groups classified as held for sale	EUROFINS PRODUCT TESTING LUXHOLDING S.A.R.L.	Non-related party	-	40,454	-	-	-	101,305 (note 1)	43,248	53,051 (note 2)	-	-

Note 1: The total disposal price was \$377,460 thousand net of direct expenses (RMB85,562 thousand).

Note 2: The total gain on disposal amounting to \$197,667 thousand comprise the related accumulated foreign exchange losses amounting to \$17,786 thousand and goodwill amounting to \$865 thousand.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

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Notes to Consolidated Interim Financial Statements

- (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	334,003	40.85 %	Note 1	-	Note 3	(101,550)	58.62 %	
The Comapny	Auden Techno Corp. (Shanghai)	Subsidiaries	Sales	171,372	12.66 %	Note 1	-	Note 3	36,436	16.07 %	

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	101,550	3.09	-		39,141	-

Note 1: As of March 14, 2023

- (ix) Trading in derivative instruments: Please refer to note 6(n).
- (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	Auray Technology Corp.	1	Other payables - related parties	44,237	For ordinary customer, payment is made approximately 90 days after the sales	1.46%
0	The Comapny	Auden Techno Corp. (Shanghai)	1	Sales revenue	171,372	For ordinary customer, payment is made approximately 90 days after the sales	9.97%
0	The Comapny	Auden Techno Corp. (Shanghai)	1	Accounts receivable due from related parties	36,436	For ordinary customer, payment is made approximately 90 days after the sales	1.20%
1	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	2	Sales revenue	334,003	For ordinary customer, payment is made approximately 90 days after the sales	19.44%
1	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	2	Accounts receivable due from related parties	101,550	For ordinary customer, payment is made approximately 90 days after the sales	3.35%

AUDEN TECHNO CORP.

Notes to Consolidated Interim Financial Statements

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 years ended December 31, 2022(excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance		Book value (note 1 and 2)	Highest Percentage of ownership	Net income (loss) of investee (note 1)	Investment income (loss) (note 1)	Remarks
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership					
The Comapny	AUDEN BVI	The British Virgin Islands	Investment Holding (investee)	113,861 (USD3,399)	113,861 (USD3,399)	3,398,888	100.00 %	542,545	3,398,888	170,012	170,469	Note 3
The Comapny	LUCKY	(MAURITIUS)	Investment Holding (investee)	62,117 (USD1,998)	62,117 (USD1,998)	1,997,980	100.00 %	130,844	1,997,980	39,306	39,495	Note 3
The Comapny	Auray Technology Corp.	Taiwan	Tests of communication products	60,000	60,000	6,000,000	100.00 %	53,759	6,000,000	(3,731)	(3,719)	Note 4
The Comapny	Auden Intelligence Carbon Solution Co. Ltd.	Taiwan	Carbon reduction consultation and assistance improvments	10,000	-	1,000,000	100.00 %	9,846	1,000,000	(154)	(154)	

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.

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information

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, 2022 (note 3)	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022 (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 arnings in current period
					Remittance amount	Repatriation amount							
Auden Communication & Multimedia Techno (Kunshan) Co., Ltd	Manufacture and sales of various types of antenna and other optical equipment and instruments	76,775 (USD2,500)	2	76,775 (USD2,500)	-	-	76,775 (USD2,500)	41,471	100.00 %	76,775 (USD2,500)	41,471	289,456	75,366
TA Technology (Shanghai)	Tests of communication products, information security and relevant consultation services	44,340 (USD10,059)	2	61,666 (USD2,008)	-	-	61,666 (USD2,008)	11,035	- % (note 5)	61,666 (USD2,008)	8,223	- (note 5)	-
Auden Techno Corp. (Shanghai)	Sales of instruments	46,065 (USD1,500)	2	46,065 (USD1,500)	-	-	46,065 (USD1,500)	(6,596)	100.00 %	46,065 (USD1,500)	(6,596)	70,397	-

Unit: in thousands of dollars

AUDEN TECHNO CORP.

Notes to Consolidated Interim Financial Statements

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 1:30.71 and the exchange rate of RMB to NTD is 1:4.408, 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.

Note 5: The Company disposed of the equity interest in December 2022.

(ii) Limitation on investment in Mainland China

Company Name	Accumulated investment amount in Mainland China as of 2022 (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.	192,183 (USD 6,258) (note 3)	199,738 (USD 6,504) (note 3)	964,057 (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 1:30.71.

Note 3: Includes the investment amount of USD250 thousand of the liquidated CC&C (Chengdu).

(iii) Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022, 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

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Yaoke Investment Co., Ltd.		3,621,102	7.75 %
Yaohong Investment Co., Ltd.		2,601,000	5.56 %

(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:

	2022					Total
	Antenna	Measurement equipment	Testing and certification services	Others	Reconciliation and eliminations	
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>
Depreciation and amortization	<u>\$ 119,398</u>	<u>282,653</u>	<u>1,752</u>	<u>(1,806)</u>	<u>-</u>	<u>401,997</u>
	2021					Total
	Antenna	Measurement equipment	Testing and certification services	Others	Reconciliation and eliminations	
Revenue:						
Revenue from external customers	\$ 531,071	586,621	315,134	-	-	1,432,826
Intersegment revenues	-	18,046	-	-	(18,046)	-
Total revenue	<u>\$ 531,071</u>	<u>604,667</u>	<u>315,134</u>	<u>-</u>	<u>(18,046)</u>	<u>1,432,826</u>
Depreciation and amortization	<u>\$ 22,111</u>	<u>11,527</u>	<u>49,697</u>	<u>2</u>	<u>-</u>	<u>83,337</u>
Depreciation and amortization	<u>\$ 68,868</u>	<u>106,160</u>	<u>134,027</u>	<u>6,608</u>	<u>-</u>	<u>315,663</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	2022	2021
Taiwan	\$ 245,280	312,991
Mainland China	1,445,252	1,083,354
Other countries	27,507	36,481
Total	<u><u>\$ 1,718,039</u></u>	<u><u>1,432,826</u></u>

Non-current assets:

Geographical information	December 31, 2022	December 31, 2021
Taiwan	\$ 488,100	418,006
Mainland China	44,622	235,908
Total	<u><u>\$ 532,722</u></u>	<u><u>653,914</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:

	2022		2021
	Amount	%	Amount
Company A	<u><u>\$ 246,512</u></u>	<u><u>14</u></u>	<u><u>143,806</u></u>
			<u><u>10</u></u>

Appendix II

2022 Parent company only financial statements and independent auditors' report



安侯建業聯合會計師事務所
KPMG

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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, 2022 and 2021, 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. 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 note 4(n) for the relevant accounting policy regarding recognition of revenue, and refer to note 6(u) for relevant disclosures.

Please refer to notes 4(n) and 6(u) for the information related to revenue of the consolidated 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, 2022 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 Lily Lu and Lin Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

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, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Assets					21xx	Liabilities and Equity				
1100	Current assets:					2150	Current liabilities:				
1170	Cash and cash equivalents (note 6(a))	\$ 863,686	31	373,904	19	2170	Notes payable	\$ 123	-	123	-
1180	Accounts receivable, net (notes 6(c) and (u))	189,011	7	182,758	9	2200	Accounts payable	71,573	3	121,059	6
1200	Accounts receivable—related parties, net (notes 6(c), (u) and 7)	37,606	1	13,256	-	2220	Accounts payable—related parties (note 7)	101,550	4	135,876	7
1210	Other receivables (note 6(d))	37,632	1	84,290	4	2230	Other payables (note 6(v))	180,676	6	104,446	5
1220	Other receivables—related parties (note 6(d))	61,399	2	19,119	1	2280	Other payables—related parties (note 7)	286	-	475	-
130X	Current income tax assets	88	-	-	-	2399	Current tax liabilities	35,680	1	7,168	-
1410	Inventories (note 6(e))	211,012	7	239,816	12		Current lease liabilities (note 6(o))	1,961	-	213	-
1476	Prepayments	16,916	1	22,099	1		Other current liabilities (notes 6(u) and 7)	165,911	6	73,019	4
1470	Other financial assets—current (note 6(k))	3,450	-	11,500	1		Total current liabilities	557,760	20	442,379	22
	Other current assets	2,220	-	13,266	1	25xx	Non-Current liabilities:				
	Total current assets	1,423,020	50	960,008	48	2530	Bond payables (note 6(n))	391,559	14	-	-
15xx	Non-current assets:					2540	Long-term borrowings (notes 6(m) and 8)	190,000	6	190,000	9
1510	Non-current financial assets at fair value through profit or loss (note 6(n))	80	-	-	-	2570	Deferred tax liabilities (note 6(q))	72,132	3	53,364	3
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(b))	84,158	3	71,326	4	2640	Non-current lease liabilities (note 6(o))	1,993	-	190	-
1550	Investments accounted for under equity method (notes 6(f) and (g))	736,994	26	514,649	26	2645	Non-current net defined benefit liability (note 6(p))	657	-	1,073	-
1600	Property, plant and equipment (notes 6(h), 7 and 8)	380,622	14	356,080	18		Guarantee deposits	130	-	130	-
1755	Right-of-use assets (note 6(i))	3,857	-	393	-		Total non-current liabilities	656,471	23	244,757	12
1760	Investment property (note 6(j))	38,380	1	38,753	2		Total liabilities	1,214,231	43	687,136	34
1780	Intangible assets (note 7)	6,153	-	8,055	-	31xx	Equity attributable to owners of parent (notes 6(n), (p), (r) and (s)):				
1840	Deferred tax assets (note 6(q))	39,325	2	25,592	1	3200	Ordinary shares	467,131	17	467,217	23
1980	Other financial assets—non-current (notes 6(k), (n) and 8)	106,947	4	28,311	1	3300	Capital surplus	476,307	17	384,651	19
1990	Other non-current assets—others	1,457	-	8,278	-	3400	Retained earnings	679,268	24	498,372	25
	Total non-current assets	1,397,973	50	1,051,437	52	3xxx	Other equity interest	(15,944)	(1)	(25,931)	(1)
1xxx	Total assets	\$ 2,820,993	100	2,011,445	100	2-3xxx	Total equity	1,606,762	57	1,324,309	66
							Total liabilities and equity	\$ 2,820,993	100	2,011,445	100

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 Comprehensive Income

For the years ended December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(u) and 7)	\$ 1,353,666	100	901,859	100
5000	Operating costs (notes 6(e) and 7)	<u>837,466</u>	<u>62</u>	<u>567,866</u>	<u>63</u>
5900	Gross profit	516,200	38	333,993	37
5910	Less: nrealized profit (loss) from sales	<u>17,820</u>	<u>1</u>	<u>(5,257)</u>	<u>(1)</u>
5900	Gross profit	<u>498,380</u>	<u>37</u>	<u>339,250</u>	<u>38</u>
6000	Operating expenses (notes 6(c), (p), 6(s) and 6(v)):				
6100	Selling expenses	115,851	9	65,472	7
6200	Administrative expenses	130,213	10	102,208	12
6300	Research and development expenses	179,207	13	106,867	12
6450	Expected credit losses	<u>29</u>	<u>-</u>	<u>2</u>	<u>-</u>
	Total operating expenses	<u>425,300</u>	<u>32</u>	<u>274,549</u>	<u>31</u>
6900	Net operating income	<u>73,080</u>	<u>5</u>	<u>64,701</u>	<u>7</u>
7000	Non-operating income and expenses (notes 6(b), (f), (g), (n), (o), (w) and 7):				
7100	Interest income	2,135	-	576	-
7010	Other income	52,342	4	70,350	8
7020	Other gains and losses	44,886	3	95,140	10
7050	Finance costs	(8,851)	-	(1,103)	-
7070	Share of profit of the subsidiaries accounted for using equity method	<u>206,091</u>	<u>15</u>	<u>69,703</u>	<u>8</u>
	Total non-operating income and expenses	<u>296,603</u>	<u>22</u>	<u>234,666</u>	<u>26</u>
7900	Income before income tax	369,683	27	299,367	33
7950	Less: Income tax expenses (note 6(q))	<u>48,906</u>	<u>4</u>	<u>23,398</u>	<u>2</u>
	Net income	<u>320,777</u>	<u>23</u>	<u>275,969</u>	<u>31</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	355	-	1,314	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(23,030)	(2)	(8,233)	(1)
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>71</u>	<u>-</u>	<u>263</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(22,746)</u>	<u>(2)</u>	<u>(7,182)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Foreign currency translation differences for foreign operations	23,895	2	(3,454)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>4,088</u>	<u>-</u>	<u>(862)</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>19,807</u>	<u>2</u>	<u>(2,592)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of tax	<u>(2,939)</u>	<u>-</u>	<u>(9,774)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 317,838</u>	<u>23</u>	<u>266,195</u>	<u>30</u>
	Earnings per share (expressed in New Taiwan dollars) (note 6(t))				
9750	Basic earnings per share	<u>\$ 6.89</u>		<u>5.96</u>	
9850	Diluted earnings per share	<u>\$ 6.78</u>		<u>5.91</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, 2022 and 2021

(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	Total	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, 2021	\$ 466,957	367,809	36,452	28,767	230,846	296,065	(40,522)	40,485	(15,511)	(15,548)	1,115,283
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	10,782	-	(10,782)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(74,713)	(74,713)	-	-	-	-	(74,713)
Net income for the year	-	-	-	-	275,969	275,969	-	-	-	-	275,969
Other comprehensive income (loss) for the year	-	-	-	-	1,051	1,051	(2,592)	(8,233)	-	(10,825)	(9,774)
Total comprehensive income (loss) for the year	-	-	-	-	277,020	277,020	(2,592)	(8,233)	-	(10,825)	266,195
Restricted stock to employee adjustments	260	16,842	-	-	-	-	-	-	(17,102)	(17,102)	-
Share-based payments	-	-	-	-	-	-	-	-	17,544	17,544	17,544
Balance at December 31, 2021	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 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 payment	-	-	-	-	-	-	-	-	11,722	11,722	11,722
Balance at December 31, 2022	<u>\$ 467,131</u>	<u>476,307</u>	<u>74,936</u>	<u>28,767</u>	<u>575,565</u>	<u>679,268</u>	<u>(23,307)</u>	<u>9,222</u>	<u>(1,859)</u>	<u>(15,944)</u>	<u>1,606,762</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 Cash Flows

For the years ended December 31, 2022 and 2021

(All amounts expressed in thousands of New Taiwan dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	\$ 369,683	299,367
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	22,993	18,201
Amortization expense	4,310	3,232
Expected credit losses	29	2
Net loss on financial assets or liabilities at fair value through profit or loss	1,560	-
Interest expense	8,851	1,103
Interest income	(2,135)	(576)
Dividend income	(1,904)	(1,554)
Share-based payments	11,722	17,544
Share of profit of subsidiaries accounted for using equity method	(206,091)	(69,703)
Loss on disposal of property, plant and equipment	(1)	(1)
Loss (gain) on disposal of subsidiaries	3,488	(98,499)
Unrealized profit (loss) from sales	17,820	(5,257)
Total adjustments to reconcile profit and loss	(139,358)	(135,508)
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	-	483
Accounts receivable	(6,282)	(97,768)
Accounts receivable—related parties	(24,350)	25,015
Other receivables	11,553	(30,562)
Other receivable—related parties	(404)	(10,744)
Inventories	28,804	(98,728)
Prepayments	5,183	(17,664)
Other current assets	11,046	(13,262)
Total net changes in operating assets	25,550	(243,230)
Net changes in operating liabilities:		
Notes payable	-	123
Accounts payable	(49,486)	65,985
Accounts payable—related parties	(34,326)	84,101
Other payables	56,587	39,233
Other payable—related parties	(189)	393
Other current liabilities	92,892	(28,283)
Net defined benefit liability	(61)	(78)
Total net changes in operating liabilities	65,417	161,474
Total net changes in operating assets and liabilities	90,967	(81,756)
Total adjustments	(48,391)	(217,264)
Cash inflow generated from operations	321,292	82,103
Interest received	2,135	576
Dividends received	1,904	1,554
Interest paid	(4,979)	(1,103)
Income taxes paid	(19,607)	(25,062)
Net cash flows from operating activities	300,745	58,068
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(35,862)	(22,500)
Proceeds from disposal of subsidiaries	31,618	139,400
Acquisition of investments accounted for using equity method	(10,000)	(60,000)
Acquisition of property, plant and equipment	(58,364)	(279,657)
Proceeds from disposal of property, plant and equipment	1	18,214
Acquisition of intangible assets	(3,971)	(9,516)
Decrease (increase) in other financial assets—non-current	(70,586)	6,048
Decrease in other non-current assets	237	-
Increase in prepayments for equipment	(1,294)	(7,241)
Net cash flows used in investing activities	(148,221)	(215,252)
Cash flows from (used in) financing activities:		
Proceeds from issuing bonds	479,105	-
Proceeds from long-term borrowings	-	190,000
Payment of lease liabilities	(1,682)	(592)
Cash dividends paid	(140,165)	(74,713)
Net cash flows from financing activities	337,258	114,695
Net increase (decrease) in cash and cash equivalents	489,782	(42,489)
Cash and cash equivalents at beginning of period	373,904	416,393
Cash and cash equivalents at end of period	\$ 863,686	373,904

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, 2022 and 2021

(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 14, 2023.

(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 (FSC), 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, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

- (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, 2023, would not have a significant impact on its financial statements:

- 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"

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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 IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant 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 translation 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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Notes to the Parent Company Only Financial Statements

(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.

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.

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 shall not be recognized for the exceptions below:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on the net income or taxable gains (losses) during the transaction.

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(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.

(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.

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(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, 2022	December 31, 2021
Cash	\$ 193	156
Checking and demand deposits	513,460	373,748
Time deposits	350,033	-
	\$ 863,686	373,904

The above cash and cash equivalents were not pledged as collateral. Pledged time deposits and restricted accounts are accounted for under other financial assets. Please refer to notes 6(k) and 8 for details.

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

	December 31, 2022	December 31, 2021
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted common shares—Ceradex Corporation	\$ 12,417	17,538
Domestic unlisted common shares—TMY Technology, Inc.	7,176	22,056
Domestic unlisted common shares—WHALETEQ CO., LTD	28,703	31,732
USA unlisted shares—DotSPACE, Inc.	35,862	-
Total	\$ 84,158	71,326

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.

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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, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

During the years ended December 31, 2022 and 2021, the dividends of \$1,904 thousand and \$1,554 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, 2022	December 31, 2021
Accounts receivable	\$ 189,042	182,760
Accounts receivable—related parties	37,606	13,256
Less: loss allowance—accounts receivables	(31)	(2)
	<u>\$ 226,617</u>	<u>196,014</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, 2022 and 2021 were determined as follows:

	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>

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	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 65,737	-	-
Past due 1~30 days	917	-	-
Past due 31~90 days	2,413	-	-
Past due 91~180 days	226	1.10	2
	<u>\$ 69,293</u>		<u>2</u>

The Company's RFID antenna segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2022 and 2021 were determined as follows:

	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>

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 125,256	-	-
Past due 1~30 days	476	-	-
Past due 31~90 days	991	-	-
	<u>\$ 126,723</u>		<u>-</u>

The movements in the loss allowance for accounts receivables were as follows:

	2022	2021
Beginning balance	\$ 2	-
Impairment losses recognized	29	2
Ending balance	<u>\$ 31</u>	<u>2</u>

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(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	\$ 37,632	49,184
Other receivables— sales of equity interests	-	35,106
Other receivables— related parties	61,399	19,119
Less: Loss allowance	-	-
	<u>\$ 99,031</u>	<u>103,409</u>

As of December 31, 2022 and 2021. 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, 2022	December 31, 2021
Merchandise inventory	\$ 189,307	185,324
Finished good	21,468	44,587
Semi-finished products and work in progress	102	4,610
Raw materials	135	5,295
	<u>\$ 211,012</u>	<u>239,816</u>

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

	2022	2021
Write-down of inventories	\$ 1,901	3,123
Loss on disposal of inventory	1,122	-
Total	<u>\$ 3,023</u>	<u>3,123</u>

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Subsidiaries	<u>\$ 736,994</u>	<u>514,649</u>

In August 2022, the Company established an additional share capital of \$10,000 thousand, representing a shareholding of 100.00%, of Auden Intelligence Carbon Solution Co. Ltd.

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Pursuant to the resolution of the Board on November 8, 2022, the Company increased its capital of \$40,000 thousand to its subsidiary, Auray Technology Corp, and authorized the Chairman to set January 12, 2023 as the base day for capital increase to issue new shares. Note 2: the capital increase has been registered since February 1, 2023.

For subsidiaries, please refer to the consolidated financial statements for the years ended December 31, 2022 and 2021.

As of December 31, 2022 and 2021, 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 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 above transactions were reported on the non-current assets held for sale (disposal group) and the liabilities directly related to the non-current assets held for sale (disposal group) as of June 30, 2021. For information, please refer to note 6(f) to the consolidated financial statements for the second quarter of 2021. 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 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.

The carrying amount of assets and liabilities of ATL and its subsidiaries on September 1, 2021 were as follow:

Cash and cash equivalents	\$ 47,456
Notes receivables, trade receivables and other receivables	38,055
Property, plant and equipment	75,497
Right-of-use assets	13,210
Other	<u>25,385</u>
	<u>199,603</u>
Bank loan	40,000
Accounts payable and other payables	66,432
Lease liabilities	13,722
Other	<u>3,538</u>
	<u>123,692</u>
Net assets disposed	<u><u>\$ 75,911</u></u>

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(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, 2022 and 2021 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, 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>
Balance at January 1, 2021	\$ 91,444	47,063	107,492	34,301	-	280,300
Additions	243,997	200	23,428	4,985	-	272,610
Reclassification	(21,984)	(11,702)	-	-	-	(33,686)
Disposals	-	-	(25,762)	(567)	-	(26,329)
Balance at December 31, 2021	<u>\$ 313,457</u>	<u>35,561</u>	<u>105,158</u>	<u>38,719</u>	<u>-</u>	<u>492,895</u>
Accumulated depreciation and impairment loss:						
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>
Balance at January 1, 2021	\$ 29,935	24,390	52,298	21,255	-	127,878
Depreciation	-	1,260	12,992	3,224	-	17,476
Reclassification	-	(423)	-	-	-	(423)
Disposals	-	-	(7,549)	(567)	-	(8,116)
Balance at December 31, 2021	<u>\$ 29,935</u>	<u>25,227</u>	<u>57,741</u>	<u>23,912</u>	<u>-</u>	<u>136,815</u>
Carrying amount						
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>
Balance at December 31, 2021	<u>\$ 283,522</u>	<u>10,334</u>	<u>47,417</u>	<u>14,807</u>	<u>-</u>	<u>356,080</u>

Pursuant to a resolution of the Board of Directors on February 23, 2021, the Company intended to acquire the land in the Bade District from the non-related parties in accordance with its operational requirements and long-term development strategy, and signed a contract on February 26, 2021 for a total land price of approximately \$243,654 thousand. The amount of \$243,654 thousand of land payment and related transaction fees of \$343 thousand, totaling to \$243,997 thousand, were paid before the end of June 2021 and the land title transfer procedure was completed.

Please refer to note 8 for the details of items pledged to secure long term bank borrowings and financing facility as of December 31, 2022 and 2021.

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(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>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 919	-	108	1,027
Additions	4,745	-	488	5,233
Reductions	<u>-</u>	<u>-</u>	<u>(108)</u>	<u>(108)</u>
Balance at December 31, 2022	<u>\$ 5,664</u>	<u>-</u>	<u>488</u>	<u>6,152</u>
Balance at January 1, 2021	\$ 919	3,367	108	4,394
Reductions	<u>-</u>	<u>(3,367)</u>	<u>-</u>	<u>(3,367)</u>
Balance at December 31, 2021	<u>\$ 919</u>	<u>-</u>	<u>108</u>	<u>1,027</u>
Accumulated depreciation of right-of-use asset:				
Balance at January 1, 2022	\$ 551	-	83	634
Depreciation	1,558	-	211	1,769
Reductions	<u>-</u>	<u>-</u>	<u>(108)</u>	<u>(108)</u>
Balance at December 31, 2022	<u>\$ 2,109</u>	<u>-</u>	<u>186</u>	<u>2,295</u>
Balance at January 1, 2021	\$ 368	2,992	56	3,416
Depreciation	183	375	27	585
Reductions	<u>-</u>	<u>(3,367)</u>	<u>-</u>	<u>(3,367)</u>
Balance at December 31, 2021	<u>\$ 551</u>	<u>-</u>	<u>83</u>	<u>634</u>
Carrying amount:				
Balance at December 31, 2022	<u>\$ 3,555</u>	<u>-</u>	<u>302</u>	<u>3,857</u>
Balance at December 31, 2021	<u>\$ 368</u>	<u>-</u>	<u>25</u>	<u>393</u>

(j) Investment property

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at December 31, 2022 (as of balance January 1, 2022)	<u>\$ 25,334</u>	<u>16,727</u>	<u>42,061</u>
Balance January 1, 2021	\$ 3,350	5,025	8,375
Reclassification	<u>21,984</u>	<u>11,702</u>	<u>33,686</u>
Balance at December 31, 2021	<u>\$ 25,334</u>	<u>16,727</u>	<u>42,061</u>

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	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Accumulated depreciation and impairment loss			
Balance January 1, 2022	\$ -	3,308	3,308
Depreciation	<u>-</u>	<u>373</u>	<u>373</u>
Balance December 31, 2022	<u>\$ -</u>	<u>3,681</u>	<u>3,681</u>
Balance January 1, 2021	\$ -	2,745	2,745
Depreciation	-	140	140
Reclassification	<u>-</u>	<u>423</u>	<u>423</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>3,308</u>	<u>3,308</u>
Carrying amount:			
Balance at December 31, 2022	<u>\$ 25,334</u>	<u>13,046</u>	<u>38,380</u>
Balance at December 31, 2021	<u>\$ 25,334</u>	<u>13,419</u>	<u>38,753</u>
Fair value:			
Balance at December 31, 2022		<u>\$ 47,024</u>	
Balance at December 31, 2021		<u>\$ 45,375</u>	

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, 2022 and 2021 were 1.51%~2.00% and 1.06%~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.

(k) Other current financial assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current		
Cash in banks for foreign exchange (FX)	\$ <u>3,450</u>	<u>11,500</u>
Non-current		
Time deposits	1,100	1,126
Cash in banks for foreign exchange (FX)	24,677	24,798
Convertible bond secured deposits	80,000	-
Refundable deposits	<u>1,170</u>	<u>2,387</u>
Subtotal	<u>106,947</u>	<u>28,311</u>
Total	<u>\$ 110,397</u>	<u>39,811</u>

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The Company remitted 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.

As of December 31, 2022 and 2021, the other financial assets were pledged as collateral, please refer to note 8.

(l) Short-term borrowings

	December 31, 2022	December 31, 2021
Bank borrowings	\$ -	-
Unused short-term credit lines	\$ 195,504	102,445
Range of interest rates (%)	-	-

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, 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			\$ 190,000
Unused long-term credit lines			\$ -

Activity	Loan period and payment term	Range of interest rates(%)	December 31, 2021
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)	1.15	\$ 190,000
Less: current portion			-
Total			\$ 190,000
Unused long-term credit lines			\$ -

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

(n) Bonds payable

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

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

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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, 2022, 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 December 31, 2022</u>
Embedded derivative financial assets (redemption)-balance on date of issue	\$ 1,640
Loss on evaluation	<u>(1,560)</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.

(o) Lease liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	<u>\$ 1,961</u>	<u>213</u>
Non-current	<u><u>\$ 1,993</u></u>	<u><u>190</u></u>

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

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The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>44</u>	<u>11</u>
Expenses relating to short-term leases	\$ <u>1,803</u>	<u>568</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>369</u>	<u>271</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	<u>2022</u>	<u>2021</u>
Net cash outflows from operating activities	\$ 2,216	850
Net cash outflow from financing activities	<u>1,682</u>	<u>592</u>
Total cash outflow for leases	\$ <u>3,898</u>	<u>1,442</u>

(i) Real estate leases

As of December 31, 2022 and 2021, 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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of the defined benefit obligations	\$ (5,250)	(5,248)
Fair value of plan assets	<u>4,593</u>	<u>4,175</u>
Net defined benefit liability	\$ <u>(657)</u>	<u>(1,073)</u>

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.

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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, 2021, the Company's pension fund with Bank of Taiwan amounted to \$4,593 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, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ (5,248)	(6,495)
Current service costs and interest	(36)	(13)
Remeasurement of net liabilities (assets) for defined benefit obligations		
— Actuarial loss (gain) arising from experience adjustments	(314)	971
— Actuarial loss (gain) arising from demographic assumptions	-	(19)
— Actuarial loss (gain) arising from financial assumptions	348	308
Defined benefit obligation at December 31	<u>\$ (5,250)</u>	<u>(5,248)</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, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 4,175	4,030
Interest income	29	8
Remeasurements of the net defined benefit liabilities (assets)— return on plan assets (excluding interest income)	321	54
Benefits paid	68	83
Fair value of plan assets at December 31	<u>\$ 4,593</u>	<u>4,175</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, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current service costs	\$ -	-
Net interest on the defined benefit liabilities (asset)	7	5
	<u>\$ 7</u>	<u>5</u>
Administrative expenses	\$ 2	2
Research and development expense	5	3
	<u>\$ 7</u>	<u>5</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>2022</u>	<u>2021</u>
Cumulative amount at January 1	\$ (4,781)	(6,095)
Recognized in current period	355	1,314
Cumulative amount at December 31	<u>\$ (4,426)</u>	<u>(4,781)</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, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.30 %	0.70 %
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 \$81 thousand.

The weighted average duration of the defined benefit plan is 10 years.

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7) Sensitivity analysis for actuarial assumption

As of December 31, 2022 and 2021, 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, 2022		
Discount rate (changes 0.25%)	\$ (137)	141
Future salary increasing rate (changes 0.25%)	139	(135)
At December 31, 2021		
Discount rate (changes 0.25%)	\$ (148)	154
Future salary increasing rate (changes 0.25%)	150	(145)

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 \$6,219 thousand and \$4,877 thousand for the years ended December 31, 2022 and 2021, respectively.

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(q) Income taxes

(i) Income tax expense (benefit)

The amounts of the Company's income tax expense (benefit) for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current taxes expense		
Current period	\$ 47,688	20,540
Adjustment for prior periods	<u>342</u>	<u>7,435</u>
	<u>48,030</u>	<u>27,975</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(9,257)	(5,934)
Adjustment for prior years' deferred income tax	<u>10,133</u>	<u>1,357</u>
	<u>876</u>	<u>(4,577)</u>
Income tax expense	<u><u>\$ 48,906</u></u>	<u><u>23,398</u></u>

The amounts of the Company's income tax expense recognized under other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Items that may not be reclassified into profit and loss:		
Remeasurement of defined benefit plans	<u><u>\$ (71)</u></u>	<u><u>(263)</u></u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ (4,088)</u></u>	<u><u>862</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, 2022 and 2021 were as follows:

	2022	2021
Income before tax	\$ 369,683	299,367
Income tax using the Company's domestic tax rate	\$ 73,937	59,873
Profit or loss of domestic investments accounted for using equity method	774	(11,487)
Gain on disposal of domestic subsidiaries	-	(19,700)
Change in unrecognized temporary differences	(33,348)	(11,044)
Investment tax credit	(6,668)	(3,136)
Adjustment for deferred income tax of prior years	10,133	1,357
Change in provision in prior periods	342	7,435
Additional tax on undistributed earnings	3,409	463
Other	327	(363)
Total	\$ 48,906	23,398

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 166,734	-
Unrecognized deferred tax liabilities	\$ 33,348	-

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax liabilities:

	Long term gains on investments (foreign)	Others	Total
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)
Balance at January 1, 2021	\$ (50,645)	(103)	(50,748)
Recognized in profit or loss	(2,453)	(163)	(2,616)
Balance at December 31, 2021	\$ (53,098)	(266)	(53,364)

AUDEN TECHNO CORP.
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Deferred tax assets:

	Impairments loss of assets	Exchange differences on translation	Others	Total
Balance at January 1, 2022	\$ 6,619	4,088	14,885	25,592
Recognized in profit or loss	-	-	17,892	17,892
Recognized in other comprehensive income	-	(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>
Balance at January 1, 2021	\$ 6,619	3,226	7,955	17,800
Recognized in profit or loss	-	-	7,193	7,193
Recognised in other comprehensive loss	-	862	(263)	599
Balance at December 31, 2021	<u><u>\$ 6,619</u></u>	<u><u>4,088</u></u>	<u><u>14,885</u></u>	<u><u>25,592</u></u>

(iii) Examination and approval

The ROC income tax authorities have examined the Company's income tax returns through 2020.

(r) Share capital and other equity

As of December 31, 2022 and 2021, 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, 2022 and 2021, 46,713 thousand ordinary shares and 46,722 thousand shares are issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for December 31, 2022 and 2021 were as follows:

	(In thousands of shares)	
	Ordinary share	
	2022	2021
Outstanding at January 1	46,396	46,196
Vesting condition of restricted stock to employee	259	200
Outstanding at December 31	46,655	46,396
Restricted stock to employee issued by January 1	326	500
Vesting condition of restricted stock to employee	(259)	(200)
Write down of restricted stock to employee	(9)	(100)
Issue restricted stock to employee	-	126
Restricted stock to employee issued but not outstanding by December 31	58	326
Equity at end of period, December 31	<u><u>46,713</u></u>	<u><u>46,722</u></u>

AUDEN TECHNO CORP.
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(i) Ordinary shares

The shareholders' meeting resolved on June 2, 2020 to issue 1,100 thousand shares, with a par value of \$10 per share, of restricted stock to full-time employees who conformed to certain requirements at no costs. The total shares amounting to \$11,000 thousand. The case has been declared to be in effect by the Securities and Futures Bureau of Financial Supervisory Commission on August 17, 2020. Pursuant to the Board of Directors resolution on August 12, 2020, the Company issue 500 thousand new shares in the first new restricted employee shares for the year ended December 31, 2020. Then the Chairman is authorized to set October 5, 2020 as the base day for the increase of the share capital. On August 11, 2021, the second new restricted employee shares, amounting to total of 126 thousand shares, for the year ended December 31, 2020 were issued by a resolution of the Board of Directors. The chairman is authorized to set August 16, 2021 as the base day for increase of the share capital. All of the statutory registration procedure has been completed. Please refer to note 6(s) for the information of the Company's restricted employee new shares.

The Company has recovered 100 thousand new restricted employee shares as a result of the employee turnover in March 2021 with a par value of \$1,000 thousand, including the adjusted capital reserve and unearned employee compensation, amounting to \$4,696 thousand. On May 11, 2021, the Board resolved to set May 31, 2021 to be the base day for the capital reduction. The relevant statutory registration procedures were completed on June 15, 2021 and the adjusted capital reserve of \$1,000 thousand was canceled.

The Company has recovered 8,600 thousand new restricted employee shares as a result of the employee turnover from May to August 2022 with a par value of \$86 thousand, including the adjusted capital reserve and other equity - unearned employee compensation, amounting to \$1,488 thousand, respectively. On August 10, 2022, the Board resolved to set August 31, 2022 to be the base day for the capital reduction. The relevant statutory registration procedures were completed on September 16, 2022 and the adjusted capital reserve of \$86 thousand was write down.

The shareholders' meeting resolved on August 27, 2021 to issue 300 thousand shares, with a par value of \$10 per share, of restricted stock to full-time employees who conformed to certain requirements at no costs. The total shares amounting to \$3,000 thousand. The case has been declared to be in effect by the Securities and Futures Bureau of Financial Supervisory Commission on August 17, 2022.

As of December 31, 2022, the restricted company shares of stock issued to employees have expired, of which 2 thousand shares are pending to be retired. The Board authorized the Chairman to set the base day for this capital reduction on March 10, 2023, which has not yet been write down.

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(ii) Capital surplus

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

	December 31, 2022	December 31, 2021
Share capital at premium	\$ 373,795	349,329
Restricted stock to employee	9,454	35,322
Share option –equity components recognized for convertible bonds issued	93,058	-
	\$ 476,307	384,651

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.

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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.

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, 2022 and 2021.

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 2021 and 2020 earnings have been approved by the Company's shareholders in its meetings held on March 23, 2022 and March 23, 2021, respectively. The appropriations and dividends per share were as follows:

	2021		2020	
	Amount per share (dollars)	Total Amount	Amount per share (dollars)	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.00	<u>140,165</u>	1.60	<u>74,713</u>

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On March 14, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share (dollars)	Total Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 3.50	163,489

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

(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, 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	\$ (23,307)	9,222	(1,859)	(15,944)
Balance at January 1, 2021	\$ (40,522)	40,485	(15,511)	(15,548)
Exchange differences on translation of net assets of foreign operations	(2,592)	-	-	(2,592)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(8,233)	-	(8,233)
Restricted stock to employee adjustments	-	-	(17,102)	(17,102)
Share-based payment	-	-	17,544	17,544
Balance at December 31, 2021	\$ (43,114)	32,252	(15,069)	(25,931)

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(s) Sharebased payment

The information of the Company's restricted employee new 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, 2020 (issued in 2021)	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Grant date	August 16, 2021	October 5, 2020
Number of options granted	126,000	500,000
Contract term (years)	1~2	1~2
Vesting conditions	Note	Note
Exercise price per share (dollars)	\$0	\$0
Adjusted performance price (dollars)	\$0	\$0

Note: Vesting conditions

(i) years of service

- 1) 25% of the shares are vested in employees who remain in service for one year following the expiry date after receiving new restricted employee shares.
- 2) 25% of the shares are vested in employees who remain in service for two years following the expiry date after receiving new restricted employee shares.

(ii) individual performance

- 1) In the year of receiving new 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.

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- 2) In the subsequent year of receiving new 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.

- (i) Measurable parameter of fair value at grant date

The second issuance of the Company in the year ended December 31, 2021 was based on the fair value of the share-based payment at the closing price of \$173 on the grant date.

For the first issuances in the year ended December 31, 2020, the Company used the Black Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were 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

- (ii) The information of the Company's restricted employee new shares (in thousands) is as follows:

	Unit: thousand shares	
	2022	2021
Outstanding at January 1	326	500
Retired during the year	(9)	(100)
Number of options granted during the year	-	126
Forfeited during the year	(2)	-
Vested during the year	(259)	(200)
Outstanding at December 31	56	326

- (iii) Expenses recognized in profit or loss

For the years ended December 31, 2022 and 2021, the compensation cost recognized amounted to \$11,722 thousand and \$17,544 thousand, respectively and are accounted for under operation expense. As of December 31, 2022 and 2021, the Company has deferred the unearned compensation cost arising from the issuance of restricted stock awards amounting to \$1,859 thousand and \$15,069 thousand, respectively. Such deferred amounts were recorded as deduction of other equity. Please refer to note 6(r) for details of changes in the Company's interests as a result of the issuing new shares restricting the rights of employees.

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(t) Earnings per share

	<u>2022</u>	<u>2021</u>
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ <u>320,777</u>	<u>275,969</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	<u>46,527</u>	<u>46,295</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>6.89</u>	<u>5.96</u>
Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company (basic)	\$ 320,777	275,969
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>328,209</u>	<u>275,969</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	46,527	46,295
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	67	29
Effect of the conversion of convertible bonds	1,658	-
New restricted employee shares	177	364
Weighted average number of ordinary shares outstanding (after adjusting the effect of dilutive the potential ordinary share) (in thousands of shares)	<u>48,429</u>	<u>46,688</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>6.78</u>	<u>5.91</u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 238,661	214,966
Mainland China	1,087,497	652,150
Other countries	27,508	34,743
	\$ <u>1,353,666</u>	<u>901,859</u>

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(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	\$ -	-	483
Accounts receivable	189,042	182,760	84,992
Accounts receivable—related parties	37,606	13,256	38,271
Less: loss allowance	(31)	(2)	-
Total	<u>\$ 226,617</u>	<u>196,014</u>	<u>123,746</u>
Contract liability (recognized in other current liabilities - others)	<u>\$ 164,283</u>	<u>58,372</u>	<u>95,235</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, 2022 and 2021 included the contract liability balance at the beginning of the period were \$37,411 thousand and \$89,782 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.

The Company estimated its remuneration to employees amounting to \$7,685 thousand and \$6,160 thousand and directors' and supervisors' remuneration amounting to \$6,916 thousand and \$2,464 thousand for the years ended December 31, 2022 and 2021, 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 2022 and 2021. 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.

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For the year ended December 31, 2021, the remunerations to employees amounted to \$6,160 thousand. The remuneration to directors and supervisors amounted to \$2,464 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:

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 2,135	573
Other interest income	<u>-</u>	<u>3</u>
	<u><u>\$ 2,135</u></u>	<u><u>576</u></u>

(ii) Other income

The details of other income of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Rent income	\$ 1,154	702
Dividend income	<u>1,904</u>	<u>1,554</u>
Other income — other		
Revenues from management	4,508	30,779
Revenues from project	43,119	36,027
Others	<u>1,657</u>	<u>1,288</u>
Other income — other subtotal	<u>49,284</u>	<u>68,094</u>
	<u><u>\$ 52,342</u></u>	<u><u>70,350</u></u>

(iii) Other gains and losses

The details of other gains and losses of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Loss on disposal of property, plant and equipment	\$ 1	1
Gains (loss) on disposals of subsidiaries	(3,488)	98,499
Net on foreign exchange gains (losses)	49,989	(3,351)
Net loss on financial assets or liabilities at fair value through profit and loss	(1,560)	-
Miscellaneous disbursements	<u>(56)</u>	<u>(9)</u>
	<u><u>\$ 44,886</u></u>	<u><u>95,140</u></u>

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(iv) Finance cost

The details of finance cost of the Company were as follows:

	2022	2021
Interest on bank borrowings	\$ 2,935	1,092
Interest expenses on lease liabilities	44	11
Discount amortization of corporate bonds payable	3,872	-
The guarantee service fee of corporate bond	2,000	-
	\$ 8,851	1,103

(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, 2022 and 2021, 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.

(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5years	Over 5 years
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
Bonds payables	391,559	400,000	-	-	400,000	-
Guarantee deposits	130	130	130	-	-	-
	\$ 939,851	982,495	359,765	10,699	442,879	169,152

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	<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, 2021						
Notes payable	\$ 123	123	123	-	-	-
Accounts receivable (related parties included)	257,058	257,058	257,058	-	-	-
Other payables (related parties included)	104,921	104,921	104,921	-	-	-
Lease liabilities	403	410	218	192	-	-
Long-term borrowings (including current portion)	190,000	213,944	2,185	2,185	34,081	175,493
Guarantee deposits	130	130	130	-	-	-
	<u>\$ 552,635</u>	<u>576,586</u>	<u>364,635</u>	<u>2,377</u>	<u>34,081</u>	<u>175,493</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, 2022			December 31, 2021			
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	16,872	30.7100	518,141	17,340	27.6800	479,958
CNY		12,632	4.4080	55,683	18,149	4.3440	78,841
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		2,904	30.7100	89,178	4,722	27.6800	130,692
CNY		20,877	4.4080	92,027	29,277	4.3440	127,179

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, 2022 and 2021, would have increased or decreased the profit before tax by \$9,423 thousand and \$7,222 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

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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 \$49,989 thousand and \$(3,351) thousand for the years ended December 31, 2022 and 2021, 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, 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, 2022			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Convertible bonds-redemption right	\$ 80	-	80	-	80
Financial assets at fair value through other comprehensive income					
Equity instrument without quoted price measured at fair value	84,158	-	-	84,158	84,158
Financial assets measured at amortized cost					
Cash and cash equivalents	863,686	-	-	-	-
Notes and accounts receivable	226,617	-	-	-	-
Other receivables	99,031	-	-	-	-
Other financial assets (current and non-current)	110,397	-	-	-	-
Subtotal	1,299,731	-	-	-	-
Total	\$ 1,383,969	-	80	84,158	84,238

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		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Bank borrowings	\$	190,000	-	-	-	-
Notes and accounts payable		173,246	-	-	-	-
Other payables		180,962	-	-	-	-
Lease liabilities		3,954	-	-	-	-
Bonds payables		391,559	-	-	-	-
Guarantee deposits		130	-	-	-	-
Total	\$	<u>939,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2021				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income						
Equity instrument without quoted price measured at fair value	\$	<u>71,326</u>	<u>-</u>	<u>-</u>	<u>71,326</u>	<u>71,326</u>
Financial assets measured at amortized cost						
Cash and cash equivalents		373,904	-	-	-	-
Notes and accounts receivable		196,014	-	-	-	-
Other receivables		103,409	-	-	-	-
Other financial assets (current and non-current)		39,811	-	-	-	-
Subtotal		<u>713,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$	<u>784,464</u>	<u>-</u>	<u>-</u>	<u>71,326</u>	<u>71,326</u>

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		December 31, 2021				
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost						
Bank borrowings	\$	190,000	-	-	-	-
Notes and accounts payable		257,058	-	-	-	-
Other payables		104,921	-	-	-	-
Lease liabilities		403	-	-	-	-
Guarantee deposits		130	-	-	-	-
Total	\$	552,512	-	-	-	-

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.

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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.
- 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 2022 and 2021.

5) The reconciliation of Level 3 fair values

	Unquoted equity instruments
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	\$ <u>84,158</u>
Balance at January 1, 2021	\$ 57,059
Total gains and losses	
Recognized in other comprehensive income	(8,233)
Purchase	<u>22,500</u>
Balance at December 31, 2021	\$ <u>71,326</u>

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, 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	<ul style="list-style-type: none"> • 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%) 	<ul style="list-style-type: none"> • 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, 2021			
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	<ul style="list-style-type: none"> • P/B ratio (2.75 and 6.03) • The multiplier of enterprise Value and EBITDA (13.62) • Discount for lack of market liquidity (18.78%~30%) 	<ul style="list-style-type: none"> • 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, 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)
Balance at December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	1,937	(1,986)
	The multiplier of enterprise Value and EBITDA	5%	1,241	(1,241)
	Discount for lack of market	5%	4,781	(4,785)

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 \$195,504 thousand as of December 31, 2022.

(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, 2022	December 31, 2021
Liabilities	\$ <u>1,214,231</u>	<u>687,136</u>
Total equity	\$ <u>1,606,762</u>	<u>1,324,309</u>
Debt-to-equity ratio	<u>75.57</u> %	<u>51.89</u> %

(aa) Investing and financing activities not affecting cash flows

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2022 and 2021, were as follows:

	January 1, 2022	Cash flows	Non-cash changes				December 31, 2022
			Changes in lease payments	Foreign exchange movement	Interest expense	Others	
Bonds payables	\$ -	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>

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	January 1, 2021	Cash flows	Non-cash changes				December 31, 2021
			Changes in lease payments	Foreign exchange movement	Interest expense	Others	
Long-term borrowings	\$ -	190,000	-	-	-	-	190,000
Lease liabilities	995	(592)	-	-	-	-	403
Total liabilities from financing activities	<u>\$ 995</u>	<u>189,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,403</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:

	2022	2021
Property, plant and equipment purchases	\$ 77,828	272,610
Add: Payable on machinery and equipment at beginning of period	1,279	8,326
Less: Ending balance of payable on machinery and equipment	(20,743)	(1,279)
Cash payments	<u>\$ 58,364</u>	<u>279,657</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
A test lab international corp. (ATL Seychelles)	Subsidiary of the Company (note 1)
A Test Lab Techno Corp. (ATL)	Subsidiary of the Company (note 1)
CC&C TECHNOLOGIES, INC.(CC&C Xi'an)	Subsidiary of the Company (note 1)
CC&C TECHNOLOGIES, INC.(CC&C Shenzhen)	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

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Auden Intelligence Carbon Solution Co. Ltd.	Subsidiary of the Company
Yaoke Investment Co., Ltd.	Same chairman with the Company
Chang, Yu-Pin	Chairman of The Company

Note 1: The Company disposed of its equity interest in the investee company in September 2021.

Note 2: The Company disposed of its equity interest in the investee company 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>2022</u>	<u>2021</u>
Subsidiaries		
Auden Techno Corp. (Shanghai)	\$ 171,372	94,652
Subsidiaries	<u>5,060</u>	<u>24,512</u>
	<u>\$ 176,432</u>	<u>119,164</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>2022</u>	<u>2021</u>
Subsidiaries		
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	\$ <u>334,003</u>	<u>264,444</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, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Subsidiaries		
	Auden Techno Corp. (Shanghai)	\$ 36,436	12,779
	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	1,170	477
		<u>37,606</u>	<u>13,256</u>
Other receivables	Subsidiaries		
	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	17,162	18,793
	Auray Technology Corp.	44,237	-
	Subsidiaries	<u>-</u>	<u>326</u>
		<u>61,399</u>	<u>19,119</u>
		<u>\$ 99,005</u>	<u>32,375</u>

As of December 31, 2022 and 2021, 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, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries		
	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	\$ <u>101,550</u>	<u>135,876</u>
Other receivables	Subsidiaries		
	Auden Techno Corp. (Shanghai)	171	351
	Auray Technology Corp.	115	115
	Subsidiaries	<u>-</u>	<u>9</u>
		<u>286</u>	<u>475</u>
		<u>\$ 101,836</u>	<u>136,351</u>

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(v) Rental income

The lease income to related parties were as follows:

	<u>2022</u>	<u>2021</u>
Subsidiaries		
Auray Technology Corp.	\$ 658	219
Auden Intelligence Carbon Solution Co. Ltd.	<u>5</u>	<u>-</u>
	<u>\$ 663</u>	<u>219</u>

The Company leased laboratories to its subsidiaries, Auray Technology Corp and Auden Intelligence Carbon Solution Co. Ltd in the years ended December 31, 2022 and 2021 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, 2022 and 2021, the expenses arising from prepayment of salary on behalf of subsidiary and revenue from rendering management service were amounted to \$4,508 thousand and \$30,691 thousand, respectively.

(vii) 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.

(c) Management personnel compensation

Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 37,558	36,459
Share-based payment	<u>3,935</u>	<u>17,544</u>
Total	<u>\$ 41,493</u>	<u>54,003</u>

Please refer to note 6(s) for the details of share-based payment.

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(8) Pledged assets

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other non-current financial assets			
Time deposits	Convertible bonds	\$ 80,000	-
Time deposits	Guarantee fund of Customs Duty	1,100	1,126
Property, plant, and equipment:			
Land and buildings	Short-term and long-term borrowings	292,828	293,857
Investment property			
Land and building	Short-term and long-term borrowings	33,029	33,263
		<u>\$ 406,957</u>	<u>328,246</u>

(9) Commitments and contingencies

(a) The aggregate unpaid amounts of contracts are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	<u>\$ 9,475</u>	<u>16,769</u>

(b) The Company issued a performance bond guarantee by the bank for the business needs on December 31, 2022 and 2021. The guarantee amounts were \$16,496 thousand and \$9,555 thousand, respectively. The guarantee period outlined in guarantee letter is from March 24, 2022 to June 30, 2023 and August 12, 2021 to June 30, 2022, respectively.

(c) In order to fulfill its corporate social responsibility, the Company engages in cultural and educational welfares activities to give back to the community, the Board of Directors resolved to donate NT\$30 million on November 8, 2022 to set up the national charity, "Auden BingNan Education Foundation". Following up on the establishment of the foundation, the Chairman is fully authorized to deal with relevant matter, and as of December 31, 2022, preparations are still under way.

(10) Losses due to major disasters: None

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(11) Subsequent events

- (a) Pursuant to the resolution of the Board on May 11, 2022, the Company authorized the chairman or such person as he or she may designate to deal with all matters relating to the property construction in his or her absolute discretion within the amount of \$850,000 thousand. Then, a construction appointment contract is entered with a non-related party on March 7, 2023 for a total contract price of approximately \$724,500 thousand (including tax).
- (b) For earnings distribution in the year ended December 31, 2022, 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 2022			Year ended December 31 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	-	213,263	213,263	-	153,153	153,153
Labor and health insurance	-	11,634	11,634	-	9,022	9,022
Pension	-	6,226	6,226	-	4,882	4,882
Directors' remuneration	-	9,241	9,241	-	3,574	3,574
Others	-	6,556	6,556	-	5,160	5,160
Depreciation	-	22,993	22,993	-	18,201	18,201
Amortization	-	4,310	4,310	-	3,232	3,232

The Company's number of employees and additional information on employee benefits for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Number of employees	<u>167</u>	<u>110</u>
Number of non employees directors	<u>7</u>	<u>6</u>
Average employee benefit	<u>\$ 1,485</u>	<u>1,656</u>
Average salary	<u>\$ 1,333</u>	<u>1,473</u>
Adjustment of employees' average salary	<u>(10)%</u>	
Supervisor remuneration	<u>\$ -</u>	<u>-</u>

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.

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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 properly 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.

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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 2022:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2022 (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	12,417	8.20 %	12,417	
The Company	TMY TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income — non-current	800,000	7,176	2.24 %	7,176	
The Company	WHALETEQ CO., LTD	—	Financial assets at fair value through other comprehensive income — non-current	452,800	28,703	9.60 %	28,703	
The Company	Dotspace, Inc.	—	Financial assets at fair value through other comprehensive income — non-current	12,000,000	35,862	16.79 %	35,862	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Units	Amount	Units	Amount	Units	Price	Cost	Disposal gain	Units	Amount
AUDEN BVI	TA Technology (Shanghai)	Non-current assets or disposal groups classified as held for sale	EUROFINS PRODUCT TESTING LUXHOLDING SARL	Non-related party	-	110,276	-	-	-	276,155 (note 1)	117,894	144,616 (note 2)	-	-
LUCKY	TA Technology (Shanghai)	Non-current assets or disposal groups classified as held for sale	EUROFINS PRODUCT TESTING LUXHOLDING SARL	Non-related party	-	40,454	-	-	-	101,305 (note 1)	43,248	53,051 (note 2)	-	-

Note 1: The total disposal price was \$377,460 thousand net of direct expenses (RMB 85,562 thousand).

Note 2: The total gain on disposal amounting to \$197,667 thousand comprise the related accumulated foreign exchange losses amounting to \$17,786 thousand and goodwill amounting to \$865 thousand.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

AUDEN TECHNO CORP.

Notes to Interim Financial Statements

- (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	334,003	40.85 %	Note 1	-	Note 2	(101,550)	58.62 %	
The Company	Auden Techno Corp. (Shanghai)	Subsidiaries	Sales	171,372	12.66 %	Note 1	-	Note 3	36,436	16.07 %	

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

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	101,550	3.09	-		39,141	-

Note 1: For period ended March 14, 2023.

- (ix) Trading in derivative instruments: None.

(b) Information on investees

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

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, 2022	December 31, 2021	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 %	542,545	170,012	170,469	(Note 3)
The Company	LUCKY	(MAURITIUS)	Investment Holding (investee)	62,117 (USD1,998)	62,117 (USD1,998)	1,997,980	100.00 %	130,844	39,306	39,495	(Note 3)
The Company	Auray Technology Corp.	Taiwan	Tests of communication products	60,000	-	6,000,000	100.00 %	53,759	(3,731)	(3,719)	(Note 4)
The Company	Auden Intelligence Carbon Solution Co. Ltd.	Taiwan	Carbon reduction consultation and assistance improvements	10,000	-	1,000,000	100.00 %	9,846	(154)	(154)	

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.

AUDEN TECHNO CORP.

Notes to Interim Financial Statements

(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, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022	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	76,775 (USD2,500)	2	76,775 (USD2,500)	-	-	76,775 (USD2,500)	41,471	100.00 %	41,471	289,456	75,366
TA Technology (Shanghai)	Tests of communication products, information security and relevant consultation services	44,340 (USD10,059)	2	61,666 (USD2,008)	-	-	61,666 (USD2,008)	11,035	- % (note 4)	8,223	- (note 4)	-
Auden Techno Corp. (Shanghai)	Sales of instruments	46,065 (USD1,500)	2	46,065 (USD1,500)	-	-	46,065 (USD1,500)	(6,596)	100.00 %	(6,596)	70,397	-

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 1:30.71 and the exchange rate of RMB to NTD is 1:4.408, except that the outward exchanges in current period were stated at the actual amount.

Note 4: The Company disposed of its equity interest in the investee company in December 202.

(ii) Limitation on investment in Mainland China

Company Name	Accumulated investment amount in Mainland China as of 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
Auden Techno Corp.	192,183 (USD 6,258) (note 3)	199,738 (USD 6,504) (note 3)	964,057 (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 1:30.71.

Note 3: Includes the investment amount of USD 250 thousand of the liquidated CC&C (Chengdu).

(iii) Significant transactions

The Company's significant indirect and direct transactions with investment in Mainland China for the year ended December 31, 2022, please refer to note 13(a).

AUDEN TECHNO CORP.
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(d) Major shareholders

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Yaoke Investment Co., Ltd.		3,621,102	7.75 %
Yaohong Investment Co., Ltd.		2,601,000	5.56 %

(14) Segment information

Please refer to the year 2022 consolidated financial statements.

Auden Techno Corp.

Chairman : Chang, Yu-Pin

