Comtrend Corporation

Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors’ Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Comtrend Corporation

Opinion

We have audited the accompanying financial statements of Comtrend Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

The Measurement of Investments Accounted for Using Equity Method

As disclosed in Note 11 to the financial statements, the balance of the equity investments in Comtrend Corporation, USA ("CUSA") held by the Company was $73,511 thousand, representing 4.23% of total assets as of December 31, 2022, and the share of loss of CUSA was $(20,133) thousand, representing (124.6%) of total profit before income tax for the year ended December 31, 2022. As the operating results of CUSA is significant to the Company, the measurement of investments accounted for using the equity method of CUSA is deemed to be a key audit matter.

The main audit procedures we performed to address the above key audit matter were as follows:

1. Based on our understanding of the business and industry of CUSA, we determined whether it is a significant component in order to plan an appropriate audit strategy.

2. We obtained audit evidence that is sufficient and appropriate regarding the subsidiary, and assessed the impact of any potential misstatements for our audit opinion.

3. We recalculated the share of profit and loss as well as related balance of the equity investment to verify the accuracy of the balance of CUSA.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors’ report are Tza-Li Gung and Chih-Yuan Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 3, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and financial statements shall prevail.

COMTREND CORPORATION

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 381,114	22	$ 333,729	19
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	62,212	4	59,850	4
Trade receivables (Notes 4, 9 and 22)	144,179	8	73,733	4
Trade receivables from related parties (Notes 22 and 29)	361,949	21	275,846	16
Other receivables (Notes 4, 9 and 29)	4,791	-	8,129	1
Current tax assets (Notes 4 and 23)	186	-	66	-
Inventories (Notes 4 and 10)	261,409	15	578,996	34
Other current assets (Note 14)	14,121	1	20,020	1
Total current assets	1,229,961	71	1,350,369	79
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	179,479	10	231,674	13
Property, plant and equipment (Notes 4, 12 and 30)	290,199	17	43,320	3
Right-of-use assets (Notes 4 and 13)	6,879	-	173	-
Intangible assets	1,601	-	-	-
Deferred tax assets (Notes 4 and 23)	25,286	2	33,191	2
Net defined benefit assets - non-current (Note 19)	3,295	-	-	-
Other non-current assets (Note 14)	1,446	-	60,050	3
Total non-current assets	508,185	29	368,408	21
TOTAL	$ 1,738,146	100	$ 1,718,777	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 21 and 29)	$ 3,250	-	$ 842	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	783	-	-	-
Notes payable and trade payables (Note 16)	151,247	9	287,920	17
Trade payables to related parties (Note 29)	61,984	4	91,549	5
Other payables (Notes 17 and 29)	46,329	3	60,358	4
Provisions - current (Notes 4 and 18)	7,914	-	5,382	-
Lease liabilities - current (Notes 4 and 13)	2,703	-	177	-
Other current liabilities (Note 17)	202	-	219	-
Total current liabilities	274,412	16	446,447	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 30)	200,000	12	-	-
Deferred tax liabilities (Notes 4 and 23)	270	-	-	-
Lease liabilities - non-current (Notes 4 and 13)	4,197	-	-	-
Net defined benefit liabilities (Notes 4 and 19)	-	-	9,073	-
Total non-current liabilities	204,467	12	9,073	-
Total liabilities	478,879	28	455,520	26
EQUITY (Note 20)				
Share capital				
Common stock	582,587	34	572,963	34
Capital collected in advance	2,052	-	36	-
Total share capital	584,639	34	572,999	34
Capital surplus	350,157	20	349,418	20
Retained earnings				
Legal reserve	83,922	5	83,922	5
Unappropriated earnings	203,810	11	246,438	14
Total retained earnings	287,732	16	330,360	19
Other equity				
Exchange differences on translation of financial statements of foreign operations	14,959	1	(8,188)	-
Unrealized gain on financial assets at fair value through other comprehensive income	21,780	1	18,668	1
Total other equity	36,739	2	10,480	1
Total equity	1,259,267	72	1,263,257	74
TOTAL	$ 1,738,146	100	$ 1,718,777	100

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

(With Deloitte & Touche auditors' report dated March 3, 2023)

COMTREND CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 29)	$ 1,725,024	100	$ 1,418,714	100
OPERATING COSTS (Notes 4, 10, 22 and 29)	(1,310,216)	(76)	(1,154,079)	(81)
GROSS PROFIT	414,808	24	264,635	19
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(50,815)	(3)	(22,937)	(2)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	22,937	2	12,523	1
REALIZED GROSS PROFIT	386,930	23	254,221	18
OPERATING EXPENSES (Notes 8, 19, 22 and 29)				
Selling and marketing expenses	(121,641)	(7)	(98,942)	(7)
General and administrative expenses	(101,749)	(6)	(91,748)	(7)
Research and development expenses	(154,318)	(9)	(162,019)	(11)
Expected credit gain	-	-	650	-
Total operating expenses	(377,708)	(22)	(352,059)	(25)
PROFIT (LOSS) FROM OPERATIONS	9,222	1	(97,838)	(7)
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 22 and 30)	124	-	1,586	-
Other gains and losses (Note 22)	25,070	1	(16,527)	(1)
Finance costs (Note 22)	(3,324)	-	(691)	-
Share of profit or loss of subsidiaries	(16,433)	(1)	68,429	5
Interest income (Note 22)	1,499	-	859	-
Total non-operating income and expenses	6,936	-	53,656	4
PROFIT (LOSS) BEFORE INCOME TAX	16,158	1	(44,182)	(3)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 23)	(6,887)	(1)	18,074	1
NET PROFIT (LOSS) FOR THE YEAR	9,271	-	(26,108)	(2)

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COMTREND CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	$ 6,444	1	$ (292)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	3,814	-	2,940	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(1,288)	-	58	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	23,147	1	(11,530)	(1)
Other comprehensive income for the year, net of income tax	32,117	2	(8,824)	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 41,388	2	$ (34,932)	(2)
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	$ 0.16		$ (0.46)	
Diluted	$ 0.16		$ (0.46)	

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

(With Deloitte & Touche auditors' report dated March 3, 2023) (Concluded)

COMTREND CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 20)				Retained Earnings (Note 20)			Other Equity			
	Common Stock	Collected in Advance	Total	Capital Surplus (Note 20)	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Total	Total Equity
BALANCE AT JANUARY 1, 2021	$ 563,846	$ -	$ 563,846	$ 345,520	$ 63,642	$ 416,050	$ 479,692	$ 3,342	$ 6,683	$ 10,025	$ 1,399,083
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	20,280	(20,280)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(113,945)	(113,945)	-	-	-	(113,945)
Other changes in capital surplus											
Recognition of employee share options by the Company (Note 25)	-	-	-	3,898	-	-	-	-	-	-	3,898
Issuance of ordinary shares under employee share options	9,117	36	9,153	-	-	-	-	-	-	-	9,153
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	-	(9,045)	(9,045)	-	9,045	9,045	-
Net loss for the year ended December 31, 2021	-	-	-	-	-	(26,108)	(26,108)	-	-	-	(26,108)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(234)	(234)	(11,530)	2,940	(8,590)	(8,824)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(26,342)	(26,342)	(11,530)	2,940	(8,590)	(34,932)
BALANCE AT DECEMBER 31, 2021	572,963	36	572,999	349,418	83,922	246,438	330,360	(8,188)	18,668	10,480	1,263,257
Appropriation of 2021 earnings											
Cash dividends distributed by the Company	-	-	-	-	-	(57,757)	(57,757)	-	-	-	(57,757)
Other changes in capital surplus											
Recognition of employee share options by the Company (Note 25)	-	-	-	739	-	-	-	-	-	-	739
Issuance of ordinary shares under employee share options	9,624	2,016	11,640	-	-	-	-	-	-	-	11,640
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	-	702	702	-	(702)	(702)	-
Net income for the year ended December 31, 2022	-	-	-	-	-	9,271	9,271	-	-	-	9,271
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,156	5,156	23,147	3,814	26,961	32,117
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	14,427	14,427	23,147	3,814	26,961	41,388
BALANCE AT DECEMBER 31, 2022	$ 582,587	$ 2,052	$ 584,639	$ 350,157	$ 83,922	$ 203,810	$ 287,732	$ 14,959	$ 21,780	$ 36,739	$ 1,259,267

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

(With Deloitte & Touche auditors' report dated March 3, 2023)

COMTREND CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	$ 16,158	$ (44,182)
Adjustments for:		
Depreciation expense	33,195	36,760
Amortization expenses	46	-
Expected credit recognized reversal on trade receivables	-	(650)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(186)	-
Finance costs	3,324	691
Interest income	(1,499)	(859)
Dividend income	-	(1,217)
Share-based payments	739	3,898
Share of profit of subsidiaries	16,433	(68,429)
Gain on disposal of subsidiary	(1,110)	-
Write-down of inventories	-	24,775
Reversal of write-down of inventories	(12,698)	-
Unrealized gain on transactions with subsidiaries	50,815	22,937
Realized gain on transactions with subsidiaries	(22,937)	(12,523)
Gain on changes in lease	-	(734)
Net changes in operating assets and liabilities		
Notes receivable	-	21
Trade receivables (including related parties)	(156,549)	72,943
Other receivables	3,338	(1,851)
Inventories	330,285	(295,021)
Other current assets	5,899	(5,546)
Contract liabilities	2,408	(13,918)
Notes payable and trade payables (including related parties)	(166,238)	(63,995)
Other payables	(14,029)	(40,754)
Provisions	2,532	1,941
Other current liabilities	(17)	2
Net defined benefit liabilities	(5,924)	(534)
Cash generated from (used in) operations	83,985	(386,245)
Interest received	1,499	859
Dividends received	-	1,217
Interest paid	(3,278)	(22)
Income tax paid	(120)	(3,858)
Net cash generated from (used in) operating activities	82,086	(388,049)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	1,452	-
Proceeds from sale of financial assets at fair value through profit or loss	969	-
Prepayments for land and buildings	-	(56,796)

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COMTREND CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Net cash inflow on disposal of subsidiary	$ 32,145	$ -
Payments for property, plant and equipment	(221,815)	(26,044)
Payments for intangible assets	(1,647)	-
Decrease in refundable deposits	1,808	1
Net cash used in investing activities	(187,088)	(82,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	200,000	-
Repayment of the principal portion of lease liabilities	(1,496)	(7,845)
Dividends paid to owners of the Company	(57,757)	(113,945)
Exercise of employee share options	11,640	9,153
Net cash generated from (used in) financing activities	152,387	(112,637)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,385	(583,525)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	333,729	917,254
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 381,114	$ 333,729

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

(With Deloitte & Touche auditors' report dated March 3, 2023) (Concluded)

COMTREND CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

a. Comtrend Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (ROC) on April 7, 1990. The Company engages in the research, manufacturing, marketing and maintaining of cable and wireless transmission equipment, multiplexers, digital subscriber lines and loop carrier systems, synchronous optical network equipment and synchronous cable accessories.

   The Company's shares have been listed on the Taipei Exchange (TPEx) since September 2020.

b. The Company's parent is Edimax Technology Co., Ltd. ("Edimax"), which held 33.60% and 34.29%, respectively, of ordinary shares of the Company as of December 31, 2022 and 2021, respectively.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 3, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit (assets) liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of each individual entity in the Company, transactions in currencies other than the entity’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the translation.

For the purpose of presenting the financial statements, the assets and liabilities of the Company’s foreign operations (including subsidiaries) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

e. Inventories

Inventories consist of raw materials, work-in-progress, semi-finished goods, finished goods, inventories in transit and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets and assets related to contract assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell or value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except the FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest or dividends paid on such financial liability is presented in profit or loss. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

k. Provisions

Provisions, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of network communication equipment. When the customer initially purchases the goods online, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Service income is recognized when services are provided.

m. Leases

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) is recognized as employee benefits expense in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit when the Company recognizes any related restructuring costs.

o. Share-based payment arrangements employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 326	$ 411
Checking accounts and demand deposits	280,788	333,318
Cash equivalents		
Time deposits with original maturities within 3 months	100,000	-
	$ 381,114	$ 333,729

The market rate intervals of cash in bank at the end of the reporting period are as follows:

	December 31	
	2022	**2021**
Demand deposits	0.001%-0.6%	0.001%-0.05%
Time deposits	1.2%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial liabilities - current		
Held for trading		
Derivative (undesignated hedge) - foreign exchange forward contracts	$ 783	$ -

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	**Maturity Date**	**Notional Amount (In Thousands)**
Foreign exchange forward contracts	EUR to USD	2023.01.20	EUR200/USD207
Foreign exchange forward contracts	EUR to USD	2023.07.24	EUR300/USD315
Foreign exchange forward contracts	EUR to USD	2023.07.24	EUR200/USD210
Foreign exchange forward contracts	EUR to USD	2023.07.25	EUR200/USD210

The purpose of the Company trading in derivative financial instruments is to avoid the risks of foreign currency assets and liabilities from exchange rate fluctuations. However, such derivative financial instrument does not meet the conditions for effective hedging; therefore, hedge accounting is inapplicable.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2022	**2021**
Current		
Domestic listed shares		
Ordinary shares - Edimax	$ 62,212	$ 59,850

The Company invested in ordinary shares of Edimax (classified as equity instruments as at FVTOCI) per their strategic purpose as they expect to profit from the fluctuations in the share price.

In order to adjust the investment portfolio, the Company sold some of the ordinary shares of Edimax at their fair value of $1,452 thousand on December 31, 2022. The amount of other equity - financial assets measured at fair value through other comprehensive income of the unrealized benefits of $702 thousand was transferred to retained earnings.

For the year ended December 31, 2021, due to the liquidation process, the amount of other equity - financial assets measured at fair value through other comprehensive income of the unrealized loss of $9,045 thousand was transferred to retained earnings.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	**2021**
Trade receivables		
At amortized cost		
Gross carrying amount	$ 144,179	$ 73,733
Less: Allowance for impairment loss	-	-
	$ 144,179	$ 73,733
Other receivables		
Others	$ 4,791	$ 8,129

The average credit period of sales of goods was 60-130 days. No interest was charged on trade receivables for the first 60-130 days from the date of the invoice. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 90 Days	Total
Expected credit loss rate	-	-	-	
Gross carrying amount	$ 144,050	$ 129	$ -	$ 144,179
Loss allowance (Lifetime ECLs)	-	-	-	-
Amortized cost	$ 144,050	$ 129	$ -	$ 144,179

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 90 Days	Total
Expected credit loss rate	-	-	-	
Gross carrying amount	$ 73,733	$ -	$ -	$ 73,733
Loss allowance (Lifetime ECLs)	-	-	-	-
Amortized cost	$ 73,733	$ -	$ -	$ 73,733

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Balance at January 1	$ -	$ 650
Less: Amounts written off	-	(650)
Balance at December 31	$ -	$ -

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 90,385	$ 187,944
Work in progress and semi-finished goods	64,976	68,049
Finished goods	262	35,035
Inventories in transit	105,786	287,959
Merchandise	-	9
	$ 261,409	$ 578,996

The cost of goods sold for the years ended December 31, 2022 and 2021 included reversals of inventory write-down of $(12,698) thousand and inventory write-down of $24,775 thousand, respectively. The increase in the net realizable value of inventories was due to an increase in the selling price of inventories in a specific market or the sale of aging inventory.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	**2021**
Investments in subsidiaries		
Comtrend Corporation, USA ("CUSA")	$ 73,511	$ 107,564
Interchan Global Limited ("Interchan Global")	-	27,646
Comtrend Technology (Netherlands) B.V. ("CTBV")	105,968	96,464
	$ 179,479	$ 231,674

The Company's proportion of ownership and voting rights in subsidiaries on the balance sheet date are as follow:

	December 31	
	2022	**2021**
CUSA	100%	100%
Interchan	-	100%
CTBV	100%	100%

Refer to Note 26 for the Company completed the liquidation procedures of Interchan in December 2022.

Refer to Note 33 for the details of the subsidiaries indirectly held by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery Equipment	Computer and Communication Equipment	Office Equipment	Transportation Equipment	Other Equipment	Total
Cost								
Balance at January 1, 2021	$ -	$ -	$ 24,496	$ 34,923	$ 535	$ 3,150	$ 97,539	$ 160,643
Additions	-	-	1,190	2,969	-	-	21,885	26,044
Disposals	-	-	(3,949)	(80)	-	-	-	(4,029)
Balance at December 31, 2021	$ -	$ -	$ 21,737	$ 37,812	$ 535	$ 3,150	$ 119,424	$ 182,658
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ -	$ 22,045	$ 23,086	$ 383	$ 766	$ 67,745	$ 114,025
Disposals	-	-	(3,949)	(80)	-	-	-	(4,029)
Depreciation expense	-	-	1,039	6,416	37	609	21,241	29,342
Balance at December 31, 2021	$ -	$ -	$ 19,135	$ 29,422	$ 420	$ 1,375	$ 88,986	$ 139,338
Carrying amount at December 31, 2021	$ -	$ -	$ 2,602	$ 8,390	$ 115	$ 1,775	$ 30,438	$ 43,320
Cost								
Balance at January 1, 2022	$ -	$ -	$ 21,737	$ 37,812	$ 535	$ 3,150	$ 119,424	$ 182,658
Additions	190,052	67,047	-	5,148	1,032	1,000	14,332	278,611
Disposals	-	-	(123)	(47)	(16)	-	(1,763)	(1,949)
Balance at December 31, 2022	$ 190,052	$ 67,047	$ 21,614	$ 42,913	$ 1,551	$ 4,150	$ 131,993	$ 459,320

(Continued)

	Land	Building	Machinery Equipment	Computer and Communication Equipment	Office Equipment	Transportation Equipment	Other Equipment	Total
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ -	$ -	$ 19,135	$ 29,422	$ 420	$ 1,375	$ 88,986	$ 139,338
Disposals	-	-	(123)	(47)	(16)	-	(1,763)	(1,949)
Depreciation expense	-	3,047	1,265	7,111	123	763	19,423	31,732
Balance at December 31, 2022	$ -	$ 3,047	$ 20,277	$ 36,486	$ 527	$ 2,138	$ 106,646	$ 169,121
Carrying amount at December 31, 2022	$ 190,052	$ 64,000	$ 1,337	$ 6,427	$ 1,024	$ 2,012	$ 25,347	$ 290,199

(Concluded)

a. No impairment was recognized or reversed for the years ended December 31, 2022 and 2021.

b. The cash flow information for the acquisition of property, plant and equipment by the Company for the years ended December, 2022 and 2021 is adjusted as follows:

	For the Nine Months Ended September 30	
	2022	**2021**
Additions to property, plant and equipment	$ 278,611	$ 26,044
Less: Prepayments for land and buildings, beginning of period	(56,796)	-
Add: Prepayments for land and buildings, end of period	-	-
Payment for property, plant and equipment	$ 221,815	$ 26,044

c. Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 30.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	21 years
Machinery equipment	2-13 years
Computer and communication equipment	1-5 years
Office equipment	3-5 years
Transportation equipment	5 years
Other equipment	2-5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	**2021**
Carrying amount		
Buildings	$ 6,071	$ -
Transportation equipment	808	173
	$ 6,879	$ 173

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 8,169	$ 1,186
Depreciation charge for right-of-use assets		
Buildings	$ 979	$ 6,377
Transportation equipment	484	1,041
	$ 1,463	$ 7,418

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 2,703	$ 177
Non-current	$ 4,197	$ -

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.375%	-
Transportation equipment	1.25%	1.36%

c. Material lease-in activities and terms

The Company leases certain transportation equipment for transport purposes with lease terms of 3 years.

The Company also leases buildings for use as offices and warehouses with lease terms of 3 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to low-value asset leases	$ 1,260	$ 687
Total cash outflow for leases	$ (2,806)	$ (9,201)

The Company's leases of certain office equipment, transportation equipment and parking spaces which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER ASSETS

	December 31	
	2022	2021
Current		
Prepaid expenses	$ 5,509	$ 5,867
Input VAT and tax deduction	6,394	14,021
Prepayments	995	99
Others	1,223	33
	$ 14,121	$ 20,020
Non-current		
Refundable deposits	$ 1,446	$ 3,254
Prepayments for land and buildings*	-	56,796
	$ 1,446	$ 60,050

* On November 10, 2021, the Company officially signed a contract with a unrelated party to acquire real estate for its operation. The total price was $259,351 thousand. As of December 31, 2021, the registration of the transfer of the real estate had not been completed and the payment had not been paid yet, thus, the down payment was listed as prepayment for land and buildings. In addition, the registration of the transfer was completed on January 6, 2022.

15. LONG-TERM BORROWINGS

	December 31	
	2022	2021
Unsecured borrowings		
Bank loans	$ 200,000	$ -

The bank borrowings are secured by the Company's land and buildings, please refer to Note 31 for additional information. The maturity date is January 14, 2042 and the grace period is three years. The effective annual interest rate range from January 14, 2022 to January 14, 2024 is 1.25%-1.63%, and the effective annual interest rate from January 15, 2024 to January 14, 2042 is 1.74%. The purpose of the borrowings is to purchase land and buildings for operations.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2022	2021
Notes payable	$ 7	$ 7
Trade payables	151,240	287,913
	$ 151,247	$ 287,920

The Company's payment terms of notes payables and trade payables take financial risk into consideration in place to ensure that all payables are paid within the pre-aged credit items.

17. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Payables for freight and customs fees	$ 3,994	$ 18,221
Payables for salaries	9,129	10,739
Payables for professional service fees	6,725	6,725
Payables for royalties	2,726	2,457
Payables for commissions	228	205
Payables for compensation of employees and remuneration of directors	1,597	-
Others	21,930	22,011
	$ 46,329	$ 60,358
Other liabilities		
Others	$ 202	$ 219

18. PROVISIONS

	December 31	
	2022	2021
Current		
Warranties	$ 7,914	$ 5,382

The provision for warranty claims represents the present value of management’s best estimate of the future outflow of economic benefits that will be required under the Company’s obligations for warranties under contracts for the sale of goods.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan are as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 41,524	$ 46,965
Fair value of plan assets	(44,819)	(37,892)
Net defined benefit (assets) liabilities	$ (3,295)	$ 9,073

Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Assets (Liabilities)**
Balance at January 1, 2021	$ (48,721)	$ 39,406	$ (9,315)
Net interest (expense) income	(244)	199	(45)
Recognized in profit or loss	(244)	199	(45)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	292	292
Actuarial loss			
Changes in demographic assumptions	(1,306)	-	(1,306)
Changes in financial assumptions	627	-	627
Experience adjustments	95	-	95
Recognized in other comprehensive income	(584)	292	(292)
Contributions from the employer	-	579	579
Benefits paid	2,584	(2,584)	-
Balance at December 31, 2021	$ (46,965)	$ 37,892	$ (9,073)

(Concluded)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2022	$ (46,965)	$ 37,892	$ (9,073)
Net interest (expense) income	(294)	239	(55)
Recognized in profit or loss	(294)	239	(55)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	2,014	2,014
Actuarial loss			
Changes in financial assumptions	3,212	-	3,212
Experience adjustments	1,218	-	1,218
Recognized in other comprehensive income	4,430	2,014	6,444
Contributions from the employer	-	5,979	5,979
Benefits paid	1,305	(1,305)	-
Balance at December 31, 2022	$ (41,524)	$ 44,819	$ 3,295

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Selling and marketing expenses	$ 18	$ 12
General and administrative expenses	15	12
Research and development expenses	22	21
	$ 55	$ 45

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investments are conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	**2021**
Discount rates	1.375%	0.625%
Expected rates of salary increase	3.00%	3.00%
Turnover rates	3.67%	3.67%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rates		
0.25% increase	$ (1,000)	$ (1,249)
0.25% decrease	$ 1,034	$ 1,295
Expected rates of salary increase		
0.25% increase	$ 1,001	$ 1,244
0.25% decrease	$ (973)	$ (1,206)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Expected contributions to the plan for the next year	$ 591	$ 598
Average duration of the defined benefit obligation	9.79 years	10.7 years

20. EQUITY

a. Share capital

	December 31	
	2022	**2021**
Shares authorized (in thousands of shares)	130,000	130,000
Shares authorized (in thousands of NT dollars)	$ 1,300,000	$ 1,300,000
Shares issued and fully paid (in thousands of shares)	58,259	57,296
Shares issued (in thousands of NT dollars)	$ 582,587	$ 572,963
Shares collected in advance	$ 2,052	$ 36

The fully paid ordinary shares, which have a par value of $10, carry one vote per share and a right to dividends.

The Company converted employee share options of $9,117 thousand, equivalent to 911 thousand shares, with a subscription price of $10, into ordinary shares for the year ended December 31, 2021. The number of outstanding ordinary shares after the new shares were issued totaled 572,963 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on November 25, 2021.

The Company converted employee share options of 36 thousand, converted equivalent to 4 thousand shares. As the change registration has not been completed as of December 31, 2021, it was listed as capital collected in advance.

The Company converted employee share options of $9,588 thousand, equivalent to 959 thousand shares, with a subscription price of $10, into ordinary shares for the year ended December 31, 2022. The number of outstanding ordinary shares after the new shares were issued totaled 582,587 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on December 5, 2022.

The Company converted employee share options of $2,052 thousand, converted equivalent to 205 thousand shares. As the change registration has not been completed as of December 31, 2022, it was listed as capital collected in advance.

The Company issued 2,114 thousand ordinary shares by private placement, with a par value of NT$10 and an issue price of NT$14.7 per share on December 13, 2017. The private ordinary shares shall be handled according to Article 43-8 of the Securities and Exchange Act. When the private ordinary shares was issued over 3 years, the Company may apply to TPEX for supplemental public issuance in accordance with relevant regulations. The aforesaid transaction has been applied to TPEX for supplemental public issuance, and it has been declared effective by TPEX on October 6, 2021.

b. Capital surplus

	December 31	
	2022	**2021**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	$ 344,596	$ 337,269
Difference between the consideration, received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	4,079	4,079
May not be used for any purpose		
Employee share options	1,482	8,070
	$ 350,157	$ 349,418

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22 (h).

The Company determines the dividend distribution based on the considerations of the investment environment, capital demand, financial structure, earnings, domestic and international competition and shareholders' interest for future development plans. Under the dividends policy of the Company, no less than 20% of the undistributed retained earnings should be distributed as dividends to shareholders unless undistributed retained earnings is less than 20% of the outstanding ordinary shares. The dividends can be distributed in shares or cash, but the cash dividends should not be less than 10% of total dividends distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for the years ended December 31, 2021 and 2020, which had been resolved in the shareholders' meetings on June 14, 2022 and July 29, 2021, respectively, were as follows:

	2021	2021
Legal reserve	$ -	$ 20,280
Cash dividends	$ 57,757	$ 113,945
Cash dividends per share (NT$)	$ 1	$ 2

The appropriation of earnings for 2022, which had been proposed by the Company's board of directors on March 3, 2023, was as follows:

	2022
Legal reserve	$ 1,513
Cash dividends	$ 41,066
Cash dividends per share (NT$)	$ 0.7

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 15, 2023.

21. REVENUE

a. Contract information

	For the Year Ended December 31	
	2022	2021
Revenue from the sale of goods	$ 1,694,330	$ 1,402,054
Revenue from the rendering of services	30,694	16,660
	$ 1,725,024	$ 1,418,714

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable, trade receivables (including related parties) (Note 9)	$ 506,128	$ 349,579	$ 422,543
Contract liabilities	$ 3,250	$ 842	$ 14,760

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

22. NET PROFIT (LOSS)

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 1,499	$ 859

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	$ 124	$ 369
Dividends	-	1,217
	$ 124	$ 1,586

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain on fair value changes of financial assets at fair value through profit or loss	$ 186	$ -
Net foreign exchange gains (losses)	24,799	(17,710)
Other gain	85	1,349
Other loss	-	(166)
	$ 25,070	$ (16,527)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 3,274	$ 22
Interest on lease liabilities	50	669
	$ 3,324	$ 691

e. Impairment reversed recognized gain (losses)

	For the Year Ended December 31	
	2022	2021
Trade receivables	$ -	$ 650
Inventories (included in operating costs)	$ 12,698	$ (24,775)

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 31,732	$ 29,342
Right-of-use assets	1,463	7,418
Intangible assets	46	-
	$ 33,241	$ 36,760
An analysis of depreciation by function		
Operating expenses	$ 33,195	$ 36,760
An analysis of amortization by function		
Operating expenses	$ 46	$ -

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 207,245	$ 204,188
Post-employment benefits (Note 20)		
Defined contribution plans	9,235	9,162
Defined benefit plans	55	45
	9,290	9,207
Share-based payments		
Equity-settled	739	3,898
Termination benefits	1,132	304
Total employee benefits expense	$ 218,406	$ 217,597
An analysis of employee benefits expense by function		
Operating expenses	$ 218,406	$ 217,597

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 which have been approved by the Company's board of directors on March 3, 2023, are as follows:

Accrual rate

	For the Year Ended December 31, 2022
Compensation of employees	7.5%
Remuneration of directors	1.5%

Amount

	For the Year Ended December 31, 2022
Compensation of employees	$ 1,331
Remuneration of directors	266

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no employees' compensation and remuneration of directors estimated as the Company reported a net loss before tax for the years ended December 31, 2021.

The compensation of employees and remuneration of directors for the year ended December 31, 2020 which have been approved by the Company's board of directors on March 11, 2021, are as follows:

Accrual rate

	For the Year Ended December 31, 2020
Compensation of employees	7.5%
Remuneration of directors	1.5%

Amount

	For the Year Ended December 31, 2020
Compensation of employees	$ 19,341
Remuneration of directors	3,868

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	$ 59,374	$ 25,483
Foreign exchange (losses)	(34,575)	(43,193)
	$ 24,799	$ (17,710)

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax (expense) benefit recognized in profit or loss:

	For the Year Ended December 31	
	2022	2021
Current tax		
Adjustments for prior periods	$ -	$ 488
Deferred tax		
In respect of the current year	(6,887)	17,586
Income tax (expense) benefit recognized in profit or loss	$ (6,887)	$ 18,074

A reconciliation of accounting profit and income tax (expense) benefit is as follows:

	For the Year Ended December 31	
	2022	2021
Profit (loss) before tax	$ 16,158	$ (44,182)
Income tax (expense) benefit calculated at the statutory rate	$ (3,231)	$ 8,836
Tax-exempt income	-	243
Adjustments for prior years' tax	-	488
Loss carryforwards	(7,878)	7,000
Unrecognized deductible temporary differences	4,222	1,507
Income tax (expense) benefit recognized in profit or loss	$ (6,887)	$ 18,074

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year:		
Remeasurement of defined benefit plans	$ (1,288)	$ 58

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 186	$ 66

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Defined benefit plans	$ 1,683	$ (1,064)	$ (1,288)	$ (669)
Unrealized foreign exchange losses	1,773	(1,773)	-	-
Loss on market price decline of inventories	9,333	(2,539)	-	6,794
Warranty fee	1,077	506	-	1,583
Unrealized profits from downstream transactions	4,587	5,576	-	10,163
Financial liabilities at fair value through profit or loss	-	157	-	157
	18,453	863	(1,288)	18,028
Loss carryforwards	14,738	(7,480)	-	7,258
	$ 33,191	$ (6,617)	$ (1,288)	$ 25,286
Deferred tax liabilities				
Unrealized foreign exchange gains	$ -	$ 270	$ -	$ 270

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Defined benefit plans	$ 1,732	$ (107)	$ 58	$ 1,683
Unrealized foreign exchange losses	-	1,773	-	1,773
Loss on market price decline of inventories	4,378	4,955	-	9,333
Warranty fee	688	389	-	1,077
Unrealized profits from downstream transactions	2,504	(2,083)	-	4,587
	9,302	9,093	58	18,453
Loss carryforwards	7,738	7,000	-	14,738
	$ 17,040	$ 16,093	$ 58	$ 33,191
Deferred tax liabilities				
Unrealized foreign exchange gains	$ 1,493	$ (1,493)	$ -	$ -

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31 2022	December 31 2021
Loss carryforwards	$ 85,376	$ 87,367
Deductible temporary differences		
Losses on investments accounted for using the equity method	31,182	15,861
Allowance for doubtful accounts	49,572	49,572
	80,754	65,433
	$ 166,130	$ 152,800

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
$ 62,761	2026
58,909	2031
$ 121,670	

g. Income tax assessments

The tax return assessments by authorities of the Company as of December 31, 2020.

24. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings (loss) per share	$ 0.16	$ (0.46)
Diluted earnings (loss) per share	$ 0.16	$ (0.46)

The earnings (loss) and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share are as follows:

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2022	2021
Net profit (loss) for the year	$ 9,271	$ (26,108)

Weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	58,004	57,088
Effect of potentially dilutive ordinary shares:		
Employee share options	214	-
Compensation of employees	58	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	58,276	57,088

The Company may settle the compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Information on employee share options is as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	1,547	$ 10.00	2,513	$ 10.00
Options exercised	(1,164)	10.00	(915)	10.00
Options forfeited	(3)	10.00	(51)	10.00
Balance at December 31	380	10.00	1,547	10.00
Options exercisable, end of the year	380	10.00	474	10.00

Information on outstanding options as of December 31, 2022 is as follows:

	December 31	
	2022	2021
Range of exercise price (NT$)	$10.00	$10.00
Weighted-average remaining contractual life (in years)	0.07 years	1.07 years

Compensation costs recognized were $739 thousand and $3,898 thousand for the years ended December 31, 2022 and 2021, respectively.

26. DISPOSAL OF SUBSIDIARIES (SUB-SUBSIDIARIES)

The Company completed the liquidation procedures of sub-subsidiary 8086 and subsidiary Interchan in July 2022 and December 2022, respectively. Refer to Note 26 for the details of the liquidation of subsidiaries.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. Key management personnel of the Company review the capital structure on an annual basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 62,212	$ -	$ -	$ 62,212
Unlisted shares	-	-	-	-
	$ 62,212	$ -	$ -	$ 62,212
Financial liabilities at FVTPL				
Derivatives	$ -	$ 783	$ -	$ 783

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 59,850	$ -	$ -	$ 59,850
Unlisted shares	-	-	-	-
	$ 59,850	$ -	$ -	$ 59,850

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the asset approach.

c. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
Financial assets at amortized cost (1)	$ 893,479	$ 694,691
Financial assets at FVTOCI	62,212	59,850
Financial liabilities		
Financial liabilities at fair value through profit or loss	783	-
Amortized cost (2)	459,560	439,827

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables (including related parties) and other receivables, and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables (including related parties), other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables and trade payables. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have sales and purchases denominated in foreign currencies, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company is mainly exposed to the EUR and the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit (loss) and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and other equity, and the balances below would be negative.

	EUR Impact		**USD Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2022	**2021**	**2022**	**2021**
Profit or loss	$ (916) (i)	$ (2,096) (i)	$ (4,272) (ii)	$ (979) (ii)

i. This was mainly attributable to the exposure on outstanding receivables in EUR that were not hedged at the end of the year.

ii. This was mainly attributable to the exposure on outstanding receivables and payables in USD that were not hedged at the end of the year.

The Company's sensitivity to foreign currency increased during the current year mainly due to the decrease in the balance of accounts receivable denominated in USD and increase in the balance of accounts receivable denominated in EUR.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 100,000	$ -
Financial liabilities	206,900	177
Cash flow interest rate risk		
Financial assets	280,788	333,318

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate assets, the analysis was prepared assuming the amount of the assets outstanding at the end of the year was outstanding for the whole year. One basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 would have increased/decreased by $2,808 thousand and the Company's pre-tax loss for the years ended December 31, 2021 would have increased/decreased by $3,333 thousand.

The Company's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable rate bank savings.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. In addition, the Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by $622 thousand and $599 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to other price risk has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or factored trade receivables and insurance, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The Company's concentration of credit risk by geographical locations was mainly in the European and American regions, which accounted for 71.51% and 78.91% of the total trade receivables as of December 31, 2022 and 2021, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities					
Lease liabilities	$ 232	$ 463	$ 2,085	$ 4,244	$ -
Long-term borrowings	266	542	2,437	43,168	191,439
Notes payable and trade payables	34,801	130,412	47,962	56	-
Other payables	12,296	6,798	13,029	14,206	-
	$ 47,595	$ 138,215	$ 65,513	$ 61,674	$ 191,439

Additional information about the maturity analysis for long-term borrowings:

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**10-15 Years**	**15-20 Years**	**20+ Years**
Long-term borrowings	$ 3,245	$ 43,168	$ 67,967	$ 67,967	$ 55,505	$ -

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 88	$ 89	$ -	$ -	$ -
Notes payable and trade payables	144,839	184,652	42,959	7,019	-
Other payables	23,555	11,959	12,108	12,736	-
	$ 168,482	$ 196,700	$ 55,067	$ 19,755	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 177	$ -	$ -	$ -	$ -	$ -

Bank loans with a repayment on demand clause were included in the time band in the above maturity analysis. As of December 31, 2022 and 2021, the aggregate undiscounted principal amounts of these bank loans amounted to $200,000 thousand and $0, respectively. Taking into account the Company's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid within twenty years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to $237,852 and $0, respectively.

b) Liquidity and interest rate risk table for derivative financial liabilities

The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that require net settlement; the table is based on the undiscounted contractual gross cash inflows and outflows on derivative instruments that require gross settlement. When the amount of payable or receivable is not fixed, the amount of disclosures is determined based on the estimated interest rate estimated by the yield curve on the balance sheet date.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years
Foreign exchange forward contracts					
Inflows	$ 6,362	$ -	$ 22,580	$ -	$ -
Outflows	(6,550)	-	(23,175)	-	-
	$ (188)	$ -	$ (595)	$ -	$ -

c) Financing facilities

As of December 31, 2022 and 2021, unused financing facilities amounted to $533,319 thousand and $500,192 thousand, respectively.

29. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Edimax, which held 33.60% and 34.29%, respectively, of ordinary shares of the Company at December 31, 2022 and 2021, respectively.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Edimax	The Company's parent
CUSA	Subsidiary
Interchan	Subsidiary (the liquidation procedures was completed in December 2022)
CTBV	Subsidiary
Comtrend Central Europe S.R.O. (CCE)	Sub-subsidiary
Comtrend Iberia S.L. (Iberia)	Sub-subsidiary
Interchan Taiwan	Sub-subsidiary (the liquidation procedures was completed in July 2022)
Talent Vantage Limited (Talent)	Associate of the Company's parent
Humax Co., Ltd. (Humax)	Key management personnel (unrelated party of Comtrend starting from the second quarter of 2022)

b. Sales of goods

Line Item	Related Party Category	December 31 2022	December 31 2021
Sales	Subsidiary		
	CUSA	$ 442,587	$ 451,223
	CTBV	563,514	518,322
		1,006,101	969,545
	Sub-subsidiary	84,687	26,288
	Associate of the Company's parent	-	5,106
		$ 1,090,788	$ 1,000,929
Service	Subsidiary		
	CUSA	$ 19,225	$ 635
	CTBV	6,173	8,006
		25,398	8,641
	Sub-subsidiary - CCE	944	1,811
	Sub-subsidiary	215	34
		1,159	1,845
	Key management personnel	-	549
		$ 26,557	$ 11,035

Except that the price of the Company sold to subsidiary, sub-subsidiary, and the key management is determined after matching the product specifications and market conditions, other are based on general conditions. The terms of payment depends on the clients of subsidiary, sub-subsidiary, and the key management is 60 to 180 days.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2022	2021
The Company's parent - Edimax	$ 219,566	$ 300,443
Associate of the Company's parent - Talent	74,902	104,989
	$ 294,468	$ 405,432

There was no significant difference between related parties and third parties regarding transaction terms of purchase prices and payment terms.

d. Contract liabilities

Related Party Category	December 31 2022	2021
Key management personnel	$ -	$ 4

e. Receivables from related parties

Line Item	Related Party Category	December 31 2022	2021
Accounts receivable	Subsidiary		
	CUSA	$ 197,822	$ 111,446
	CTBV	97,182	149,210
		295,004	260,656
	Sub-subsidiary	66,945	15,190
		$ 361,949	$ 275,846
Other receivables	Subsidiary - CUSA	$ -	$ 7,261
	Key management personnel - Humax	-	666
		$ -	$ 7,927

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

f. Payables to related parties

Line Item	Related Party Category	December 31 2022	2021
Accounts payable	The Company's parent - Edimax	$ 55,006	$ 57,961
	Associate of the Company's parent - Talent	6,978	33,588
		$ 61,984	$ 91,549

(Continued)

Line Item	Related Party Category	December 31 2022	2021
Other payables	The Company’s parent	$ 2,940	$ 2,069
	Sub-subsidiary	-	940
	Associate of the Company’s parent	679	84
	Key management personnel	-	12
		$ 3,619	$ 3,105

(Concluded)

The outstanding trade payables to related parties are unsecured.

g. Acquisitions of property, plant and equipment

Line Item	Related Party Category	For the Year Ended December 31 2022	2021
Other equipment	The Company’s parent	$ 3,125	$ 767

h. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31 2022	2021
Operating expenses	The Company’s parent	$ 14,201	$ 14,121
	Sub-subsidiary	4,082	14,425
	Associate of the Company’s parent	4,786	1,359
		$ 23,069	$ 29,905
Rental revenue	Subsidiary		
	Interchan	$ 124	$ 338
	Sub-subsidiary		
	Interchan Taiwan	-	30
		$ 124	$ 368
Contract liabilities	Subsidiary	$ 49	$ -

i. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2022 and 2021 are as follows:

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 24,922	$ 24,531
Share-based payments	140	671
	$ 25,062	$ 25,202

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and on market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2022	2021
Property, plant and equipment	$ 252,953	$ -

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company as of December 31, 2022 were as follows:

Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Company; the stated amount of the note was $2,000 thousand as of December 31, 2022.

32. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,484	30.71 (USD:NTD)	$ 629,077
EUR	2,801	32.72 (EUR:NTD)	91,638
Non-monetary items			
Investments accounted for using equity method			
USD	4,039	30.71 (USD:NTD)	73,511
EUR	3,247	32.72 (EUR:CZK)	105,968
Financial liabilities			
Monetary items			
USD	6,762	30.71 (USD:NTD)	207,671

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 15,273	27.68 (USD:NTD)	$ 422,758
EUR	6,693	31.32 (EUR:NTD)	209,618
Non-monetary items			
Investments accounted for using equity method			
USD	4,885	27.68 (USD:NTD)	135,210
EUR	3,080	31.32 (EUR:CZK)	96,463
Financial liabilities			
Monetary items			
USD	11,735	27.68 (USD:NTD)	324,833

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Loss
NTD	1 (NTD:NTD)	$ 24,799	1 (NTD:NTD)	$ (17,710)

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

9) Trading in derivative instruments (Note 7)

10) Information on investees (Table 4)

b. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 5).

TABLE 1

COMTREND CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Share							
	EMMT Systems Corporation	None	Financial assets at FVTOCI - non-current	357	$ -	0.52	$ -	
	Edimax	Parent Company	Financial assets at FVTOCI - current	4,120	62,212	1.99	62,212	

TABLE 2

COMTREND CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
The Company	CUSA	Subsidiary	Sale	$ (442,587)	(26.12)	By operating conditions; collection period: 60-180 days.	Normal	By operating conditions; collection period: 60-180 days.	$ 197,822	39.09
	CTBV	Subsidiary	Sale	(563,514)	(33.26)	By operating conditions; collection period: 60-180 days.	Normal	By operating conditions; collection period: 60-180 days.	97,182	19.20
	Edimax	Parent Company	Purchase	219,566	20.85	Normal	Normal	Normal	(55,006)	(25.80)

TABLE 3

COMTREND CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Group Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	CUSA	Subsidiary	$ 197,822	2.86	$ 30,945	CUSA has actively arranged for the repayment to Comtrend	$ 109,304	$ -

COMTREND CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
The Company	CUSA	USA	Wholesale, retail sale, and international trade, etc.	$ 98,341	$ 98,341	200,000	100.00	$ 73,511	$ (20,133)	$ (47,728)	Subsidiary (Note 1)
	Interchan Global	Samoa	Reinvesting business	-	42,393	-	-	-	-	-	Subsidiary (Note 2)
	CTBV	Netherlands	Wholesale, retail sale, and international trade, etc.	50,901	50,901	1,518,000	100.00	105,968	3,700	3,417	Subsidiary (Note 3)
Interchan	8086	Taiwan	Telecommunication construction and wholesale	-	2,915	-	-	-	-	-	Sub-subsidiary (Note 4)
CTBV	CCE	Czech Republic	Wholesale, retail sale, and international trade, etc.	71,438	71,438	-	100.00	53,834	(84)	(84)	Sub-subsidiary
	Iberia	Spain	Wholesale, retail sale, and international trade, etc.	12,294	12,294	-	100.00	8,999	1,101	1,101	Sub-subsidiary

Note 1: The share of profits/losses of investees includes a net loss of $20,133 thousand and the effect of unrealized gross profit of $27,595 thousand on intercompany transactions.

Note 2: The Company completed the liquidation procedures of Interchan Global in December 2022.

Note 3: The share of profits/losses of investees includes a net profit of $3,700 thousand and the effect of unrealized gross profit of $283 thousand on intercompany transactions.

Note 4: The Company completed the liquidation procedures of 8086 in July 2022.

COMTREND CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Edimax	19,649,060	33.60

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by Comtrend as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

COMTREND CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

COMTREND CORPORATION

STATEMENT OF CASH AND DEPOSITS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash on hand		$ 326
Check deposits		412
Time deposits		100,000
Demand deposits		
New Taiwan dollars		88,290
Foreign dollars	Note	192,086
		$ 381,114

Note: Including US$5,741 thousand @30.71, EUR476 thousand @32.72 and GBP5 thousand @37.09.

COMTREND CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares)

Investees	Summary	Shares (Thousand)	Par Value	Amount	Interest (%)	Cost	Accumulated Impairment Loss	Unit Price	Amount	Note
Current										
Stock										
Edimax		4,120	10	$ -	-	$ 38,613	$ -	15.10	$ 62,212	

COMTREND CORPORATION

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related party	
A Company	$ 133,861
B Company	10,318
	144,179
Less: Allowance for impairment loss	-
	$ 144,179
Related party	
CUSA	$ 197,822
CTBV	97,182
CCE	66,719
Iberia	226
	$ 361,949

COMTREND CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realizable Value
Raw materials	$ 121,749	$ 90,385
Work in process and semi-finished goods	67,463	64,976
Finished goods	379	262
Inventory in transit	105,786	105,786
	295,377	$ 261,409
Less: Allowance for inventory valuation losses (Note)	33,968	
	$ 261,409	

Note: Inventories are stated at the lower of cost and net realizable value.

COMTREND CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares)

	Balance, January 1, 2022		Additions		Decreases		Balance, December 31, 2022					
	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Net Assets Value	Evaluation Method	Provide Guarantee or Pledge Situation	Note
CUSA	200	$ 107,564	-	$ 13,675	-	$ (47,728)	200	$ 73,511	$ -	Equity method	N	Note 1
Interchan	1,299	27,646	-	4,499	(1,299)	(32,145)	-	-	-	Equity method	N	Note 2
CTBV	1,518	96,464	-	9,787	-	(283)	1,518	105,968	-	Equity method	N	Note 3
		$ 231,674		$ 27,961		$ (80,156)		$ 179,479	$ -			

Note 1: Additions are foreign currency statements translation adjustments of $13,675 thousand, decreases are investment loss recognized under equity method of $20,133 thousand and unrealized gross loss of $27,595 thousand.

Note 2: Additions are foreign currency exchange benefit of $1,114 thousand and foreign currency statements translation adjustments of $3,385 thousand, decrease in the number of shares this year is due to the liquidation and return of share capital and the decreases are due to the return of investment funds of $32,145 thousand.

Note 3: Additions are investment gain recognized under equity method of $3,700 thousand and foreign currency statements translation adjustments of $6,087 thousand, decreases are unrealized gross loss of $283 thousand.

STATEMENT 6

COMTREND CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Decreases	Balance, December 31, 2022
Buildings	$ -	$ 7,050	$ -	$ 7,050
Transportation equipment	3,123	1,119	(3,123)	1,119
	$ 3,123	$ 8,169	$ (3,123)	$ 8,169

COMTREND CORPORATION

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Decreases	Balance, December 31, 2022
Buildings	$ -	$ 979	$ -	$ 979
Transportation equipment	2,950	484	(3,123)	311
	$ 2,950	$ 1,463	$ (3,123)	$ 1,290

COMTREND CORPORATION

STATEMENT OF CHANGES IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Decreases	Balance, December 31, 2022
Computer software	$ -	$ 1,647	$ -	$ 1,647

STATEMENT 9

COMTREND CORPORATION

STATEMENT OF CHANGES IN ACCUMULATED AMORTIZATION OF INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Decreases	Balance, December 31, 2022
Computer software	$ -	$ 46	$ -	$ 46

COMTREND CORPORATION

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes payable - non-related party	$ 7
Accounts payable - non-related party	
A Company	50,483
B Company	13,588
C Company	8,581
Other (Note)	78,588
	151,240
	$ 151,247
Accounts payable - related party	
Edimax	$ 55,006
Talent	6,978
	$ 61,984

Note: The amount of individual clients does not exceed 5% of the account balance.

COMTREND CORPORATION

STATEMENT OF LONG-TERM BORROWING
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Summary	Amount	Contract Period	Interest Rate (%)	Mortgage or Guarantee	Note
Chang Hwa Bank-Chiang Tsui Branch	Mortgage	$ 200,000	2042.01.04	1.63	Please refer to Note 30.	
Less: Long-term borrowings, current portion		-				
Long-term borrowings, non-current portion		$ 200,000				

COMTREND CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantities	Net Realizable Value
Net sales revenue		
Sales	2,320,801 sets	$ 1,694,330
Net service revenue		30,694
		$ 1,725,024

COMTREND CORPORATION

STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 272,293
Add: Raw material purchased	320,943
Less: Other	(3,114)
Raw materials, end of year	(116,746)
Raw material used	473,376
Add: Work in progress and semi-finished goods, beginning of year	68,049
Work in progress purchased	320,356
Less: Work in progress and semi-finished goods, end of year	(64,976)
Cost of finished goods	796,805
Finished goods, beginning of year	226,669
Add: Finished goods purchased	150,577
Less: Other	213
Finished goods, end of year	(32,150)
Cost of production sold	1,142,114
Merchandise, beginning of year	11,985
Add: Merchandise purchased	204,451
Less: Others	(797)
Merchandise, end of year (stock in transit)	(47,537)
Cost of merchandise sold	168,102
Add: Other operating costs	-
Operating costs	$ 1,310,216

COMTREND CORPORATION

STATEMENT OF MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expenses	$ 45,866
Freight	25,488
Rework expenses - outsourcing	6,737
Import and export expenses	6,666
Material	6,195
Others (Note)	30,689
	$ 121,641

Note: The amount of each item does not exceed 5% of the account balance.

COMTREND CORPORATION

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expenses	$ 64,412
Depreciation expense	12,097
Service expense	6,380
Others (Note)	18,860
	$ 101,749

Note: The amount of each item does not exceed 5% of the account balance.

COMTREND CORPORATION

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expenses	$ 108,128
Depreciation expense	17,861
Others (Note)	28,329
	$ 154,318

Note: The amount of each item does not exceed 5% of the account balance.

COMTREND CORPORATION

STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022			2021		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Employee benefit expenses						
Salary expense	$ -	$ 182,292	$ 182,292	$ -	$ 179,423	$ 179,423
Labor and health insurance	-	15,460	15,460	-	15,829	15,829
Pension	-	9,290	9,290	-	9,207	9,207
Others	-	8,469	8,469	-	7,260	7,260
Share-based payment	-	739	739	-	3,898	3,898
Remuneration of directors	-	2,156	2,156	-	1,980	1,980
	$ -	$ 218,406	$ 218,406	$ -	$ 217,597	$ 217,597
Depreciation expense	$ -	$ 33,195	$ 33,195	$ -	$ 36,760	$ 36,760
Amortization expense	$ -	$ 46	$ 46	$ -	$ -	$ -

Note 1: For the years ended December 31, 2022 and 2021, the Company had 190 and 182 employees, respectively. There were 7 and 8 non-employee directors, respectively.

Note 2: For the years ended December 31, 2022 and 2021, the average employee benefit expenses is $1,182 thousand and $1,239 thousand, respectively. (Total employee benefit expenses for this year minus total remuneration of directors) ÷ (Total employees for this year minus non-employee directors).

Note 3: For the years ended December 31, 2022 and 2021, the average employee salary expense is $996 thousand and $1,031 thousand, respectively. (Total employee salary expenses for this year) ÷ (Total employees for this year minus non-employee directors).

Note 4: The change in average employee salary expense was (3,39%). (The average of employee salary expenses for this year minus the average of employee salary expenses for last year) ÷ (The average of employee salary expenses for last year).

Note 5: The Company did not have supervisors for the years ended 2022 and 2021. Therefore, there was no compensation to the supervisors.

Note 6: Company salary policy

1) The Company’s remuneration of directors is reviewed and approved by the salary and compensation committee, and each director (including independent directors) is paid a fixed salary monthly. If the Company makes a profit during the year, no more than 5% of the profit will be distributed as remuneration of directors. When the Company has accumulated losses, the losses should be first offset when there is profit. The remuneration distribution proposal of the directors should be submitted to the salary and compensation committee for resolution and proposed by the Company’s board of directors. If the directors are also employees, they will be paid according to the following provisions (2) and (3).

(Continued)

2) The appointment, dismissal and remuneration of general manager and vice general manager of the Company should be conducted according to the regulations of the Company. The overall performance of the Company and the standard of payment and remuneration should be determined by the Human Resources Department of the Company in accordance with relevant regulations on performance appraisal, depending on individual performance and contribution to the Company's overall operations and taking into account the market peer level. After submitting to the salary and compensation committee for review, it is proposed by the Company's board of directors.

3) The Company's remuneration policy is based on personal ability, contribution to the Company, performance, and the correlation between business and performance; the Company monitors, evaluates and manages risks, so the correlation between the remuneration policy and future risks is low. The overall salary and remuneration mainly include basic salary, bonuses, employee dividends, welfare, etc. According to the standard of remuneration, the basic salary is based on the market conditions and the position held by the employee; bonuses and employee dividends are linked to employee's performance, department goals and company's operating performance; welfare design is based on compliance with laws and regulations and taking into account the needs of employees.

(Concluded)