Comtrend Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

COMTREND CORPORATION

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Comtrend Corporation

Opinion

We have audited the accompanying consolidated financial statements of Comtrend Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group’s consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Cut off of the Recognition Time of Sales Revenue

The Group's sales are recognized either FOB shipping point or FOB destination according to contracts with clients. Due to the impact of the COVID-19 pandemic, ports were seriously clogged around the world, supply chains were broken down and shipping schedules were postponed for the year ended December 31, 2021. Although relevant controls are established, there is a risk that shipped goods may be in transit at the end of the reporting period and recorded as sales in the wrong period when control of goods was not transferred. Accordingly, we have concluded that cut-off of revenue recognition is a key audit matter.

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

1. We obtained an understanding of the design of internal controls related to cut-off of revenue recognition and we tested the operating effectiveness of such controls.

2. We selected samples of revenue recognized before and after the balance sheet date, and we checked the records against the sales documents such as purchase orders, invoices, external shipping documents and client receipts to assess the cut-off of revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Comtrend Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 11, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 482,213	27	$ 1,118,800	53
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	59,850	3	56,910	3
Contract assets - current (Note 20)	5,782	-	1,420	-
Note receivable from unrelated parties (Note 9)	-	-	21	-
Trade receivables (Notes 4 and 9)	364,988	21	396,460	19
Other receivables (Notes 4, 9 and 27)	1,374	-	1,397	-
Current tax assets (Notes 4 and 22)	2,111	-	5,949	-
Inventories (Notes 4 and 10)	679,664	38	358,133	17
Other current assets (Note 14)	25,329	2	19,203	1
Total current assets	1,621,311	91	1,958,293	93
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 8 and 28)	810	-	905	-
Property, plant and equipment (Notes 4, 12 and 27)	45,411	3	48,982	3
Right-of-use assets (Notes 4 and 13)	21,712	1	69,982	3
Deferred tax assets (Notes 4 and 22)	33,191	2	17,040	1
Other non-current assets (Note 14)	61,984	3	5,271	-
Total non-current assets	163,108	9	142,180	7
TOTAL	$ 1,784,419	100	$ 2,100,473	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 20 and 27)	$ 1,210	-	$ 14,795	1
Notes payable and trade payables (Note 15)	288,633	16	283,050	13
Trade payables to related parties (Note 27)	91,549	5	162,095	8
Other payables (Notes 16 and 27)	72,882	4	125,340	6
Current tax liabilities (Notes 4 and 22)	5,752	-	12,400	-
Provisions - current (Notes 4 and 17)	5,382	-	3,441	-
Lease liabilities - current (Notes 4 and 13)	12,446	1	14,947	1
Other current liabilities (Note 16)	24,730	2	18,792	1
Total current liabilities	502,584	28	634,860	30
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 22)	-	-	1,493	-
Lease liabilities - non-current (Notes 4 and 13)	9,505	1	55,722	3
Net defined benefit liabilities (Notes 4 and 18)	9,073	-	9,315	-
Total non-current liabilities	18,578	1	66,530	3
Total liabilities	521,162	29	701,390	33
EQUITY (Note 19)				
Share capital				
Common stock	572,963	32	563,846	27
Capital collected in advance	36	-	-	-
Total share capital	572,999	32	563,846	27
Capital surplus	349,418	20	345,520	16
Retained earnings				
Legal reserve	83,922	4	63,642	3
Unappropriated earnings	246,438	14	416,050	20
Total retained earnings	330,360	18	479,692	23
Other equity				
Exchange differences on translation of financial statements of foreign operations	(8,188)	-	3,342	-
Unrealized loss on financial assets at fair value through other comprehensive income	18,668	1	6,683	1
Total other equity	10,480	1	10,025	1
Total equity	1,263,257	71	1,399,083	67
TOTAL	$ 1,784,419	100	$ 2,100,473	100

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

(With Deloitte & Touche auditors' report dated March 11, 2022)

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 20 and 27)	$ 1,663,318	100	$ 2,615,994	100
OPERATING COSTS (Notes 4, 10, 21 and 27)	(1,128,277)	(68)	(1,773,375)	(68)
GROSS PROFIT	535,041	32	842,619	32
OPERATING EXPENSES (Notes 9, 18, 21 and 27)				
Selling and marketing expenses	(302,101)	(18)	(292,725)	(11)
General and administrative expenses	(92,014)	(5)	(123,315)	(5)
Research and development expenses	(163,989)	(10)	(153,059)	(6)
Expected credit reversal gains and impairment losses	2,749	-	(3,478)	-
Total operating expenses	(555,355)	(33)	(572,577)	(22)
(LOSS) PROFIT FROM OPERATIONS	(20,314)	(1)	270,042	10
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 21)	1,217	-	639	-
Other gains and losses (Notes 21 and 27)	(10,200)	(1)	(31,476)	(1)
Finance costs (Note 21)	(1,011)	-	(1,339)	-
Interest income (Note 21)	907	-	652	-
Total non-operating income and expenses	(9,087)	(1)	(31,524)	(1)
(LOSS) PROFIT BEFORE INCOME TAX	(29,401)	(2)	238,518	9
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 22)	3,293	-	(35,041)	(1)
NET (LOSS) PROFIT FOR THE YEAR	(26,108)	(2)	203,477	8
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(292)	-	(1,326)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	2,940	-	12,245	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	58	-	265	-

(Continued)

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ (11,530)	-	$ (2,399)	-
Other comprehensive income for the year, net of income tax	(8,824)	-	8,785	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (34,932)	(2)	$ 212,262	8
(LOSS) EARNINGS PER SHARE (Note 23)				
Basic	$ (0.46)		$ 3.96	
Diluted	$ (0.46)		$ 3.78	

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

(With Deloitte & Touche auditors' report dated March 11, 2022) (Concluded)

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 19)				Retained Earnings (Note 19)				Other Equity			
	Common Stock	Collected in Advance	Total	Capital Surplus (Note 19)	Legal Reserve	Special 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, 2020	$ 486,248	$ -	$ 486,248	$ 70,356	$ 47,646	$ 330	$ 313,015	$ 360,991	$ 5,741	$ (5,181)	$ 560	$ 918,155
Appropriation of 2019 earnings												
Legal reserve	-	-	-	-	15,996	-	(15,996)	-	-	-	-	-
Special reserve	-	-	-	-	-	(330)	330	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(84,096)	(84,096)	-	-	-	(84,096)
Issuance of ordinary shares for cash	65,000	-	65,000	272,163	-	-	-	-	-	-	-	337,163
Other changes in capital surplus												
Recognition of employee share options by the Company (Note 24)	-	-	-	3,001	-	-	-	-	-	-	-	3,001
Issuance of ordinary shares under employee share options	12,598	-	12,598	-	-	-	-	-	-	-	-	12,598
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 7)	-	-	-	-	-	-	381	381	-	(381)	(381)	-
Net income for the year ended December 31, 2020	-	-	-	-	-	-	203,477	203,477	-	-	-	203,477
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(1,061)	(1,061)	(2,399)	12,245	9,846	8,785
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	202,416	202,416	(2,399)	12,245	9,846	212,262
BALANCE AT DECEMBER 31, 2020	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 24)	-	-	-	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 7)	-	-	-	-	-	-	(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

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

(With Deloitte & Touche auditors' report dated March 11, 2022)

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	$ (29,401)	$ 238,518
Adjustments for:		
Depreciation expense	49,279	46,541
Expected credit reversal gains and impairment losses	(2,749)	3,478
Finance costs	1,011	1,339
Interest income	(907)	(652)
Dividend income	(1,217)	(639)
Share-based payments	3,898	3,001
Write-down of inventories	27,201	-
Reversal of write-downs of inventories	-	(13,964)
Gain on changes in lease	(734)	-
Net changes in operating assets and liabilities		
Contract assets	(4,362)	(1,420)
Notes receivable from unrelated parties	21	(21)
Trade receivables	34,384	29,456
Other receivables	23	14,910
Inventories	(349,370)	109,277
Other current assets	(6,126)	8,061
Contract liabilities	(13,585)	11,421
Notes payable and trade payables (including related parties)	(64,963)	(28,142)
Other payables	(52,458)	6,955
Provisions	1,941	3,441
Other current liabilities	5,938	8,519
Net defined benefit liabilities	(534)	(516)
Cash (used in) generated from operations	(402,710)	439,563
Dividends received	1,217	639
Interest received	907	395
Interest paid	(22)	-
Income tax paid	(17,104)	(15,232)
Net cash (used in) generated from operating activities	(417,712)	425,365
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,131
Purchase of financial assets at amortized cost	-	(37)
Proceeds from financial assets measured at amortized cost	95	-
Prepayments for land and buildings	(56,796)	-
Payments for property, plant and equipment	(26,376)	(36,694)
Decrease in refundable deposits	83	73
Net cash used in investing activities	(82,994)	(35,527)

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COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	$ (19,949)	$ (22,730)
Dividends paid to owners of the Company	(113,945)	(84,096)
Proceeds from issuance of ordinary shares	-	337,163
Exercise of employee share options	9,153	12,598
Net cash (used in) generated from financing activities	(124,741)	242,935
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(11,140)	710
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(636,587)	633,483
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,118,800	485,317
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 482,213	$ 1,118,800

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

(With Deloitte & Touche auditors' report dated March 11, 2022) (Concluded)

1. ORGANIZATION AND OPERATIONS

a. Comtrend Corporation ("Comtrend") 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. Comtrend 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.

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

b. Comtrend Corporation, USA ("CUSA"), incorporated in April 2001, engages in wholesale, retail sale and international trade of broadband communication equipment.

c. Interchan Global Limited ("Interchan Global"), incorporated in June 2005, engages mainly in the reinvesting business. Management decided to dissolve and liquidate Interchan Global as profitability was not as expected based on the conclusion of the board meeting on April 25, 2019.

d. Comtrend Technology (Netherlands) B.V. ("CTBV"), incorporated in December 2011, engages mainly in the wholesale and retail sale of network communication equipment, and the reinvestment business.

e. Interchan Taiwan ("8086"), incorporated in November 2005, engages in the wholesale and construction of equipment. Management decided to dissolve and liquidate 8086 as profitability was not as expected based on the conclusion of the board meeting on April 25, 2019.

f. Interchan H.K. Limited ("Interchan HK"), incorporated in November 2005, engages in the wholesale and construction of telecommunication equipment. Interchan HK was renamed Just Top Corporation Limited ("Just Top") on November 4, 2015, and was approved by the Registrar of Companies Hong Kong Special Administrative Region. Management decided to dissolve and liquidate Just Top as profitability was not as expected based on the conclusion of the board meeting on April 25, 2019. Just Top has been dissolved and liquidated and has no longer been included in the consolidated financial statement since November 2020.

g. Comtrend Central Europe S.R.O. ("CCE"), incorporated in July 2006, engages in wholesale and retail sale of network communication equipment.

h. Comtrend Iberia S.L. ("Iberia") incorporated in December 2006, engages in wholesale and retail sale of network communication equipment.

i. PHP Interchan, incorporated in May 2010, engages in the wholesale and construction of telecommunication equipment. Management decided to dissolve and liquidate PHP Interchan as profitability was not as expected based on the conclusion of the board meeting on April 25, 2019. PHP Interchan has been dissolved and liquidated and has no longer been included in consolidated financial statement since November 2020.

j. Comtrend's parent is Edimax Technology Co., Ltd. ("Edimax"), which held 34.29% and 34.84%, respectively, of ordinary shares of Comtrend as of December 31, 2021 and 2020, respectively.

Comtrend and all its subsidiaries mentioned above (from b. to i.) are collectively referred to as the "Group". The consolidated financial statements are presented in Comtrend's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by Comtrend's board of directors on March 11, 2022.

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 Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

c. New 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
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, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 3: The amendments are 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 4: Except for deferred taxes that will be 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group'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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit 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.

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 Group 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Comtrend and the entities controlled by Comtrend (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by Comtrend.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of Comtrend and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11 and Table 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, 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 consolidated financial statements, the assets and liabilities of the Group'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).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

f. 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.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use 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 Group 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.

i. Financial instruments

Financial assets and financial liabilities are recognized when the entity in the Group 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 Group 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 Group’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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group 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 Group 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.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- Internal or external information show that the debtor is unlikely to pay its creditors.

The Group 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 Group 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

All the financial liabilities are measured at amortized cost using the effective interest method.

Fair value is determined in the manner described in Note 26.

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.

j. 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 Group's obligations.

k. Revenue recognition

The Group 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 Group 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.

l. Leases

The Group as lessee

The Group 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 consolidated 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 Group 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 Group 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 consolidated balance sheets.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

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 Group'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 Group can no longer withdraw the offer of the termination benefit when the Group 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 Group'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 Group 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

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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 Group 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 Group 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 Group'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	
	2021	2020
Cash on hand	$ 467	$ 322
Checking accounts and demand deposits	467,906	804,238
Cash equivalents		
Time deposits with original maturities within 3 months	13,840	314,240
	$ 482,213	$ 1,118,800

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

	December 31	
	2021	2020
Demand deposits	0.001%-0.05%	0.001%-0.05%
Time deposits	0.23%	0.2%-0.3%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	2020
Current		
Domestic listed shares		
Ordinary shares - Edimax	$ 59,850	$ 56,910

The Group 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.

Management decided to dissolve and liquidate 8086 in 2021.Relevant other equity - unrealized loss of financial assets measured at fair value through other comprehensive gains and losses of $9,045 thousand was transferred from other equity to retained earnings.

The Group restructured investments in equity instruments at the end of December 31, 2020 and sold part of ordinary shares - Edimax at the fair value of $1,131 thousand. Its related unrealized gain of $381 thousand was transferred from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Non-current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 810	$ 905

a. The interest rates for time deposits with original maturities of more than 3 months were both 0% as of December 31, 2021 and 2020.

b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTE RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	**2020**
Note receivables		
At amortized cost		
Gross carrying amount	$ -	$ 21
Trade receivables		
At amortized cost		
Gross carrying amount	$ 367,700	$ 402,084
Less: Allowance for impairment loss	(2,712)	(5,624)
	$ 364,988	$ 396,460
Other receivables		
Others	$ 1,374	$ 1,397

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 Group 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 Group uses other publicly available financial information or its own trading records to rate its major customers. The Group'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 Group 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 Group 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 Group's credit risk was significantly reduced.

The Group 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 Group'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 Group's different customer base.

The Group 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 Group 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 Group's provision matrix.

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.05%	1.06%	20.00%	-	100.00%	100.00%	
Gross carrying amount	$ 355,275	$ 9,986	$ 20	$ -	$ 425	$ 1,994	$ 367,700
Loss allowance (Lifetime ECLs)	(183)	(106)	(4)	-	(425)	(1,994)	(2,712)
Amortized cost	$ 355,092	$ 9,880	$ 16	$ -	$ -	$ -	$ 364,988

December 31, 2020

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	2.00%	19.98%	-	50.00%	100.00%	
Gross carrying amount	$ 327,199	$ 65,950	$ 5,757	$ -	$ 44	$ 3,134	$ 402,084
Loss allowance (Lifetime ECLs)	-	(1,318)	(1,150)	-	(22)	(3,134)	(5,624)
Amortized cost	$ 327,199	$ 64,632	$ 4,607	$ -	$ 22	$ -	$ 396,460

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

	2021	2020
Balance at January 1	$ 5,624	$ 2,343
Add: Net remeasurement of loss allowance	-	3,478
Less: Amounts written off	(2,749)	-
Foreign exchange gains and losses	(163)	(197)
Balance at December 31	$ 2,712	$ 5,624

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 187,944	$ 144,497
Work in progress and semi-finished goods	68,049	56,187
Finished goods	135,703	50,962
Inventories in transit	287,959	106,487
Merchandise	9	-
	$ 679,664	$ 358,133

The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of $27,201 thousand and reversals of inventory write-downs of $(13,964) thousand, respectively. The reversals of previous write-downs resulted from increased selling prices in certain markets or the increase in the sale of the aged inventories.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

				Proportion of Ownership (%)		
				December 31		
Investor	Investee	Nature of Activities	Location	2021	2020	Remark
Comtrend	CUSA	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	USA	100.00	100.00	
Comtrend	Interchan Global	Investing	Samoa	100.00	100.00	
Comtrend	CTBV	Wholesale, retail sale, and international trade, etc.	Netherland	100.00	100.00	
Interchan Global	Just Top	Telecommunication construction and wholesale	Hong Kong	-	-	*
Interchan Global	8086	Telecommunication construction and wholesale	Taiwan	100.00	100.00	
Just Top	PHP Interchan	Telecommunication construction and wholesale	Philippines	-	-	*
CTBV	Iberia	Cable & cableless transmission services	Spain	100.00	100.00	
CTBV	CCE	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	Czech Republic	100.00	100.00	

* The Group completed the liquidation procedures of Just Top and PHP Interchan in November 2020.

12. PROPERTY, PLANT AND EQUIPMENT

	Machinery Equipment	Computer and Communication Equipment	Office Equipment	Transportation Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2020	$ 33,254	$ 34,292	$ 3,531	$ 1,000	$ 83,290	$ 155,367
Additions	2,281	11,513	186	1,650	21,064	36,694
Disposals	(2,633)	(4,219)	(16)	-	(1,664)	(8,532)
Reclassifications	-	-	-	500	(500)	-
Effects of foreign currency exchange differences	(389)	-	(158)	-	(231)	(778)
Balance at December 31, 2020	$ 32,513	$ 41,586	$ 3,543	$ 3,150	$ 101,959	$ 182,751
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ 28,702	$ 27,216	$ 3,467	$ 332	$ 56,956	$ 116,673
Disposals	(2,633)	(4,219)	(16)	-	(1,664)	(8,532)
Depreciation expense	2,201	6,752	97	420	16,844	26,314
Reclassifications	-	-	-	14	(14)	-
Effects of foreign currency exchange differences	(310)	-	(157)	-	(219)	(686)
Balance at December 31, 2020	$ 27,960	$ 29,749	$ 3,391	$ 766	$ 71,903	$ 133,769
Carrying amount at December 31, 2020	$ 4,553	$ 11,837	$ 152	$ 2,384	$ 30,056	$ 48,982
Cost						
Balance at January 1, 2021	$ 32,513	$ 41,586	$ 3,543	$ 3,150	$ 101,959	$ 182,751
Additions	1,522	2,969	-	-	21,855	26,376
Disposals	(6,710)	(6,743)	(2,573)	-	(3,947)	(19,973)
Effects of foreign currency exchange differences	(197)	-	(54)	-	(78)	(329)
Balance at December 31, 2021	$ 27,128	$ 37,812	$ 916	$ 3,150	$ 119,819	$ 188,825
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ 27,960	$ 29,749	$ 3,391	$ 766	$ 71,903	$ 133,769
Disposals	(6,710)	(6,743)	(2,573)	-	(3,947)	(19,973)
Depreciation expense	1,488	6,416	37	609	21,332	29,882
Effects of foreign currency exchange differences	(139)	-	(53)	-	(72)	(264)
Balance at December 31, 2021	$ 22,599	$ 29,422	$ 802	$ 1,375	$ 89,216	$ 143,414
Carrying amount at December 31, 2021	$ 4,529	$ 8,390	$ 114	$ 1,775	$ 30,603	$ 45,411

No impairment was recognized or reversed for the years ended December 31, 2021 and 2020.

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

Machinery equipment	2-13 years
Computer and communication equipment	1-5 years
Office equipment	3-5 years
Transportation equipment	3-6 years
Other equipment	1-6 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Buildings	$ 19,612	$ 67,885
Transportation equipment	2,100	2,097
	$ 21,712	$ 69,982

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 19,346	$ 6,952
Depreciation charge for right-of-use assets		
Buildings	$ 17,540	$ 18,766
Transportation equipment	1,857	1,461
	$ 19,397	$ 20,227

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 12,446	$ 14,947
Non-current	$ 9,505	$ 55,722

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	**2020**
Buildings	1.36%	1.36%
Transportation equipment	1.36%	1.36%

c. Material lease-in activities and terms

The Group leases certain transportation equipment for transport purposes with lease terms of 3 to 8 years.

The Group also leases buildings for use as offices and warehouses with lease terms of 2 to 9 years. The Group 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	
	2021	**2020**
Expenses relating to low-value asset leases	$ 1,761	$ 1,956
Total cash outflow for leases	$ (22,699)	$ (25,765)

The Group's leases of certain office equipment, transportation equipment and parking spaces which qualify as low-value asset leases. The Group 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	
	2021	**2020**
Current		
Prepaid expenses	$ 9,609	$ 6,509
Input VAT and tax deduction	15,494	12,373
Prepayments	99	283
Others	127	38
	$ 25,329	$ 19,203
Non-current		
Refundable deposits	$ 5,188	$ 5,271
Prepayments for land and buildings*	56,796	-
	$ 61,984	$ 5,271

* On November 10, 2021, Comtrend 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. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable	$ 7	$ 31
Trade payables	288,626	283,019
	$ 288,633	$ 283,050

The Group'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.

16. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Other payables		
Payables for freight and customs fees	$ 25,485	$ 21,299
Payables for salaries	16,903	30,199
Payables for professional service fees	6,725	10,571
Payables for royalties	2,457	2,528
Output VAT	930	6,006
Payables for compensation of employees and remuneration of directors	-	23,209
Others	20,382	31,528
	$ 72,882	$ 125,340
Other liabilities		
Refund liabilities	$ 23,823	$ 16,654
Others	907	2,138
	$ 24,730	$ 18,792

17. PROVISIONS

	December 31	
	2021	2020
Non-current		
Warranties	$ 5,382	$ 3,441

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 Group's obligations for warranties under contracts for the sale of goods.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Comtrend adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, Comtrend 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 Comtrend 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. Comtrend 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 Group 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, Comtrend 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"); Comtrend has no right to influence the investment policy and strategy.

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 46,965	$ 48,721
Fair value of plan assets	(37,892)	(39,406)
Net defined benefit liabilities	$ 9,073	$ 9,315

Movements in net defined benefit 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, 2020	$ (46,290)	$ 37,785	$ (8,505)
Net interest (expense) income	(347)	286	(61)
Recognized in profit or loss	(347)	286	(61)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	758	758
Actuarial loss			
Changes in demographic assumptions	(679)	-	(679)
Changes in financial assumptions	(1,327)	-	(1,327)
Experience adjustments	(78)	-	(78)
Recognized in other comprehensive income	(2,084)	758	(1,326)
Contributions from the employer	-	577	577
Balance at December 31, 2020	(48,721)	39,406	(9,315)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
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)

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	
	2021	2020
Selling and marketing expenses	$ 12	$ 18
General and administrative expenses	12	19
Research and development expenses	21	24
	$ 45	$ 61

Through the defined benefit plan under the Labor Standards Act, the Group 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	
	2021	**2020**
Discount rates	0.625%	0.50%
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	
	2021	**2020**
Discount rates		
0.25% increase	$ 45,717	$ 47,384
0.25% decrease	$ (48,261)	$ (50,111)
Expected rates of salary increase		
0.25% increase	$ 48,209	$ 50,053
0.25% decrease	$ (45,760)	$ (47,432)

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	
	2021	**2020**
Expected contributions to the plan for the next year	$ 598	$ 592
Average duration of the defined benefit obligation	10.7 years	11.1 years

19. EQUITY

a. Share capital

	December 31	
	2021	**2020**
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)	57,296	56,385
Shares issued (in thousands of NT dollars)	$ 572,963	$ 563,846
Shares collected in advance	$ 36	$ -

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

On August 5, 2020, Comtrend's board of directors resolved to increase capital by issuing 6,500 thousand new shares, each with a par value of $10, at premium. The abovementioned cash capital increase was approved and filed by the Taiwan Securities Counter Trading Center of the Republic of China on August 19, 2020. The subscription base date was on September 21, 2020. As of December 31, 2020, all shares have been received, which included the advance share capital of $65,000 thousand and the capital reserve-share issuance premium of $272,163 thousand.

The abovementioned case included 1,206 thousand ordinary shares from bidding, 869 thousand ordinary shares from reserved employee share options and 4,425 thousand ordinary shares from bidding auctions, and such shares were issued at premium of $45.24, $45.24 and $54.98 per share, respectively, and the total amount was $337,163 thousand. Comtrend will recognize $1,406 thousand as salaries at the grant date and they will be deemed as the addition of capital surplus of ordinary shares based on the reserved new shares for subscription by employees according to Article No. 267 of Company Act and the equity fair value at the grant date in accordance with IFRS 2-Share-Based Payment.

Comtrend converted employee share options of $12,598 thousand, equivalent to 1,260 thousand shares, with a subscription price of $10, into ordinary shares for the year ended December 31, 2020. The outstanding ordinary shares after the new shares issued were 563,846 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on November 27, 2020.

Comtrend 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 outstanding ordinary shares after the new shares issued were 572,963 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on November 25, 2021.

Comtrend 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.

Comtrend 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, Comtrend 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	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	$ 337,269	$ 334,537
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	8,070	6,904
	$ 349,418	$ 345,520

* Such capital surplus may be used to offset a deficit; in addition, when Comtrend has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of Comtrend'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 Comtrend 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 Comtrend'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 21 (h).

Comtrend 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 Comtrend, 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 Comtrend's paid-in capital. The legal reserve may be used to offset deficit. If Comtrend has no deficit and the legal reserve has exceeded 25% of Comtrend'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, 2020 and 2019, which had been resolved in the shareholders' meetings on July 29, 2021 and June 11, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For	For
	2020	2019	Year 2020	Year 2019
Legal reserve	$ 20,280	$ 15,996		
Special reserve	-	(330)		
Cash dividends	113,945	84,096	$ 2.0	$ 1.7

The appropriation of earnings for 2021, which had been proposed by the Company's board of directors on March 11, 2021, was as follows:

	2021
Legal reserve	$ -
Cash dividends	$ 57,718
Cash dividends per share (NT$)	$ 1

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 14, 2022.

20. REVENUE

a. Contract information

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	$ 1,639,708	$ 2,575,251
Revenue from the rendering of services	23,610	40,743
	$ 1,663,318	$ 2,615,994

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 9)	$ 367,700	$ 402,105	$ 431,932
Contract assets	$ 5,782	$ 1,420	$ -
Contract liabilities	$ 1,210	$ 14,795	$ 3,374

The changes in the balance of contract assets primarily result from the right-of return arising from repurchase agreements.

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

21. NET (LOSS) PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 907	$ 652

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividends	$ 1,217	$ 639

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (15,257)	$ (34,596)
Other gain	5,222	4,339
Other loss	(165)	(1,219)
	$ (10,200)	$ (31,476)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 22	$ 257
Interest on lease liabilities	989	1,082
	$ 1,011	$ 1,339

e. Impairment reversed recognized (losses)

	For the Year Ended December 31	
	2021	2020
Trade receivables	$ 2,749	$ (3,478)
Inventories (included in operating costs)	$ (27,201)	$ 13,964

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 29,882	$ 26,314
Right-of-use assets	19,397	20,227
	$ 49,279	$ 46,541
An analysis of depreciation by function		
Operating expenses	$ 49,279	$ 46,541

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 348,008	$ 358,123
Post-employment benefits (see Note 18)		
Defined contribution plans	9,162	9,029
Defined benefit plans	45	61
	9,207	9,090
Share-based payments		
Equity-settled	3,898	3,001
Termination benefits	304	-
Total employee benefits expense	$ 361,417	$ 370,214
An analysis of employee benefits expense by function		
Operating expenses	$ 361,417	$ 370,214

h. Compensation of employees and remuneration of directors

According to Comtrend’s Articles, Comtrend 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. 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 years ended December 31, 2020 which have been approved by Comtrend’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

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

i. Losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 35,523	$ 59,784
Foreign exchange losses	(50,780)	(94,380)
	$ (15,257)	$ (34,596)

22. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2021	**2020**
Current tax		
In respect of the current year	$ (13,487)	$ (23,084)
Income tax on unappropriated earnings	-	(3,010)
Adjustments for prior periods	(806)	6,461
Deferred tax		
In respect of the current year	17,586	(15,408)
Income tax benefit (expense) recognized in profit or loss	$ 3,293	$ (35,041)

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

	For the Year Ended December 31	
	2021	**2020**
(Loss) profit before tax	$ (29,401)	$ 238,518
Income tax benefit (expense) calculated at the statutory rate	$ (4,703)	$ (64,449)
Nondeductible expenses in determining taxable income	-	(77)
Tax-exempt income	243	76
Income tax on unappropriated earnings	-	(3,010)
Adjustments for prior years' tax	(806)	6,461
Loss carryforwards	6,947	(19,422)
Unrecognized deductible temporary differences	1,612	45,380
Income tax benefit (expense) recognized in profit or loss	$ 3,293	$ (35,041)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
Deferred tax		
In respect of the current year:		
Remeasurement of defined benefit plans	$ 58	$ 265

c. Current tax assets and liabilities

	December 31	
	2021	**2020**
Current tax assets		
Tax refund receivable	$ 2,111	$ 5,949
Current tax liabilities		
Income tax payable	$ 5,752	$ 12,400

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, 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)	$ -	$ -

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Defined benefit plans	$ 1,570	$ (103)	$ 265	$ 1,732
Unrealized foreign exchange losses	464	(464)	-	-
Loss on market price decline of inventories	5,318	(940)	-	4,378
Warranty fee	-	688	-	688
Unrealized profits from downstream transactions	3,600	(1,096)	-	2,504
	10,952	(1,915)	265	9,302
Loss carryforwards	19,738	(12,000)	-	7,738
	$ 30,690	$ (13,915)	$ 265	$ 17,040
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 consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards	$ 113,834	$ 59,846
Deductible temporary differences		
Losses on investments accounted for using the equity method	$ 15,861	$ 84,291
Allowance for doubtful accounts	49,572	49,572
	$ 65,433	$ 133,863

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 7,639	2025
92,518	2026
1,587	2027
60,900	2031
$ 162,644	

g. Income tax assessments

The tax return assessments by authorities of the Comtrend and its subsidiaries for the year ended December 31, 2021 are as follows:

	Year of Tax Assessment
Comtrend	2019
CUSA	2020
CTBV	2020
CCE	2020
Iberia	2020
8086	2020

23. (LOSS) EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic (loss) earnings per share	$ (0.46)	$ 3.96
Diluted (loss) earnings per share	$ (0.46)	$ 3.78

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

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2021	2020
Net (loss) profit for the year	$ (26,108)	$ 203,477

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	57,088	51,386
Effect of potentially dilutive ordinary shares:		
Employee share options	-	1,978
Compensation of employees	-	524
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	57,088	53,888

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group 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.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Group

Information on employee share options is as follows:

	For the Year Ended December 31			
	2021		2020	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	2,513	$ 10.00	3,851	$ 10.00
Options exercised	(915)	10.00	(1,260)	10.00
Options forfeited	(51)	10.00	(78)	10.00
Balance at December 31	1,547	10.00	2,513	10.00
Options exercisable, end of the year	474	10.00	276	10.00

Information on outstanding options as of December 31, 2021 is as follows:

	December 31	
	2021	**2020**
Range of exercise price (NT$)	$10.00	$10.00
Weighted-average remaining contractual life (in years)	1.07 years	2.07 years

Compensation costs recognized were $3,898 thousand and $3,001 thousand for the years ended December 31, 2021 and 2020, respectively.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group 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 Group 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 Group 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.

26. 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 consolidated 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, 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

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 56,910	$ -	$ -	$ 56,910
Unlisted shares	-	-	-	-
	$ 56,910	$ -	$ -	$ 56,910

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

The fair values of financial instruments with standard agreements and which can be traded on active markets were determined by the market price.

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	
	2021	2020
Financial assets		
Financial assets at amortized cost (1)	$ 854,573	$ 1,522,854
Financial assets at FVTOCI	59,850	56,910
Financial liabilities		
Amortized cost (2)	453,064	570,485

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables and trade payables. The Group'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 Group 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 Group'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 Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Group'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 31.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar and the Czech Koruna (CZK, 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 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 (loss) profit 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**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ (2,318) (i)	$ (1,241) (i)	$ (1,369) (ii)	$ (1,970) (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 Group'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 Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group 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 Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 14,650	$ 315,145
Financial liabilities	21,951	70,669
Cash flow interest rate risk		
Financial assets	467,906	804,238

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 Group's pre-tax (loss) profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $4,679 thousand and $8,042 thousand, respectively.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate bank savings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. In addition, the Group 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 profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $599 thousand and $569 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group'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 Group. At the end of the year, the Group’s maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and due to the financial guarantees provided by the Group, 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 Group 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 Group 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 Group 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 Group’s credit risk was significantly reduced.

The Group’s concentration of credit risk by geographical locations was mainly in the European and American regions, which accounted for 79.95% and 61.23% of the total trade receivables as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group’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 Group relies on bank borrowings as a significant source of liquidity. The Group 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 Group'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 Group 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, 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	$ 1,130	$ 2,170	$ 9,367	$ 9,568	$ -
Notes payable and trade payables	144,839	184,652	43,672	7,019	-
Other payables	23,556	11,959	24,631	12,736	-
	$ 169,525	$ 198,781	$ 77,670	$ 29,323	$ -

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	$ 12,667	$ 9,568	$ -	$ -	$ -	$ -

December 31, 2020

	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	$ 2,169	$ 3,455	$ 11,095	$ 37,825	$ 20,576
Notes payable and trade payables	119,922	258,888	66,280	55	-
Other payables	16,334	15,094	85,678	8,234	-
	$ 138,425	$ 277,437	$ 163,053	$ 46,114	$ 20,576

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	$ 16,719	$ 37,825	$ 20,576	$ -	$ -	$ -

b) Financing facilities

As of December 31, 2021 and 2020, unused financing facilities amounted to $500,192 thousand and $557,712 thousand, respectively.

27. TRANSACTIONS WITH RELATED PARTIES

Comtrend's parent is Edimax, which held 34.29% and 34.84%, respectively, of ordinary shares of Comtrend at December 31, 2021 and 2020, respectively.

Balances and transactions between Comtrend and its subsidiaries, which are related parties of Comtrend, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Edimax	The parent of Comtrend
Talent Vantage Limited (Talent)	Associate of the Company's parent
Humax Co., Ltd. (Humax)	Key management personnel

b. Sales of goods

		For the Year Ended December 31	
Line Item	**Related Party Category**	**2021**	**2020**
Sales	The Company's parent	$ 5,106	$ -
Service revenue	Key management personnel	$ 549	$ 3,923

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

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category	**2021**	**2020**
The Company's parent - Edimax	$ 300,443	$ 576,718
Associate of the Company's parent - Talent	104,989	295,294
	$ 405,432	$ 872,012

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

d. Contract liabilities

	December 31	
Related Party Category	**2021**	**2020**
Key management personnel	$ 4	$ 599

e. Receivables from related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Other receivables	Key management personnel - Humax	$ 666	$ 666

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

f. Payables to related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Accounts payable	The Company's parent - Edimax	$ 57,961	$ 123,372
	Associate of the Company's parent - Talent	33,588	38,723
		$ 91,549	$ 162,095
Other payables	The Company's parent	$ 2,069	$ 2,269
	Associate of the Company's parent	84	-
	Key management personnel	12	12
		$ 2,165	$ 2,281

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 2021	For the Year Ended December 31 2020
Other equipment	The Company's parent - Edimax	$ 767	$ 189

h. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Operating expenses	The Company's parent	$ 14,121	$ 9,745
	Associate of the Company's parent	1,359	714
		$ 15,480	$ 10,459
Miscellaneous revenue	The Company's parent - Edmax	$ 3,731	$ 3,550

i. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2021 and 2020 are as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 24,531	$ 33,810
Share-based payments	671	566
	$ 25,202	$ 34,376

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for leasing buildings:

	December 31	
	2021	2020
Pledged deposits (classified as financial assets at amortized cost)	$ 810	$ 905

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of December 31, 2021 were as follows:

Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Group; the stated amount of the note was $2,000 thousand as of December 31, 2021.

30. OTHER ITEMS

The Group has been affected by the COVID-19 pandemic, besides clogged ports around the world for the year ended December 31, 2021, the Group's operations have not been affected.

31. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 15,273	27.68 (USD:NTD)	$ 422,758
USD	1,340	0.88 (USD:EUR)	37,091
USD	1,243	21.95 (USD:CZK)	34,417
EUR	6,693	31.32 (EUR:NTD)	209,618
EUR	708	24.86 (EUR:CZK)	22,175
Financial liabilities			
Monetary items			
USD	11,735	27.68 (USD:NTD)	324,833
USD	723	0.88 (USD:EUR)	20,024
USD	451	21.95 (EUR:CZK)	12,489

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,703	28.48 (USD:NTD)	$ 590,392
USD	4,295	0.81 (USD:EUR)	122,335
USD	808	21.39 (USD:CZK)	23,023
EUR	3,260	35.02 (EUR:NTD)	114,156
EUR	560	26.25 (EUR:CZK)	19,626
Financial liabilities			
Monetary items			
USD	15,475	28.48 (USD:NTD)	440,727
USD	3,441	0.81 (USD:EUR)	98,007
EUR	275	26.25 (EUR:CZK)	9,648

The Group is mainly exposed to the USD and the EUR. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	**Exchange Rate**	**Net Foreign Exchange (Loss) Gain**	**Exchange Rate**	**Net Foreign Exchange Loss**
NTD	1 (NTD:NTD)	$ (17,710)	1 (NTD:NTD)	$ (23,635)
USD	28.01 (USD:NTD)	(3)	29.55 (USD:NTD)	(16)
EUR	33.16 (EUR:NTD)	2,456	33.71 (EUR:NTD)	(10,945)
		$ (15,257)		$ (34,596)

32. 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 (Table 2)

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 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 5)

11) Information on investees (Table 6)

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 7).

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	For the Year Ended December 31	
	2021	**2020**
Revenue from external customers	$ 1,663,318	$ 2,615,994
Inter-segment revenue	-	-
Segment revenue	1,663,318	2,615,994
Eliminations	-	-
Consolidated revenue	$ 1,663,318	$ 2,615,994

(Continued)

	For the Year Ended December 31	
	2021	2020
Segment (loss) income	$ (20,314)	$ 270,042
Non-operating income and expense	(9,087)	(31,524)
(Loss) Income before income tax from continuing operations	$ (29,401)	$ 238,518

(Concluded)

Segment (loss) profit represents the profit before tax earned by each segment without allocation of interest income, exchange gains or losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations classified by major products and services.

	For the Year Ended December 31	
	2021	2020
Communication equipment	$ 1,639,708	$ 2,575,251
Others	23,610	40,743
	$ 1,663,318	$ 2,615,994

c. Geographical information

The Group operates in two principal geographical areas - the United States (USA) and Europe (EU).

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	2020	2021	2020
USA	$ 640,457	$ 562,046	$ 17,392	$ 17,043
EU	611,792	1,087,176	8,171	4,927
Others	411,069	966,772	103,544	102,265
	$ 1,663,318	$ 2,615,994	$ 129,107	$ 124,235

Non-current assets exclude financial assets at amortized cost - non-current and deferred tax assets.

d. Information about major customers

Included in revenue arising from direct sales of communication equipment of $1,663,318 thousand and $2,615,994 thousand in 2021 and 2020, respectively, is revenue of approximately $371,017 thousand and $946,961 thousand in 2021 and 2020, respectively, which arose from sales to the Group's largest customer.

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2021		2020	
	Amount	**% of Operating Revenue**	**Amount**	**% of Operating Revenue**
Customer A	$ 371,017	22.31	$ 946,961	36.20
Customer B	220,922	13.28	298,886	11.43
Customer C	198,011	11.90	167,604	6.41
Customer D	-	-	353,780	13.52

TABLE 1

COMTREND CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(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, 2021				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Comtrend	Share EMMT Systems Corporation	None	Financial assets at FVTOCI - non-current	324	$ -	0.52	$ -	
Comtrend	Share Edimax	Parent Company	Financial assets at FVTOCI - current	4,200	59,850	2.22	59,850	

TABLE 2

COMTREND CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Comtrend	Land and buildings	2021/11/10 (Note)	$259,351	Payment according to contract conditions	Shi-da Investment Co., Ltd.	Unrelated parties	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report	Assets used by the Group for operation	None

Note: The date was contract date.

TABLE 3

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, 2021
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Comtrend	CUSA	Subsidiary	Sale	$ (451,223)	(32.18)	By operating conditions; collection period: 60-180 days.	Normal	By operating conditions; collection period: 60-180 days.	$ 111,446	31.88	Note
	CTBV	Subsidiary	Sale	(518,322)	(36.97)	By operating conditions; collection period: 60-180 days.	Normal	By operating conditions; collection period: 60-180 days.	149,210	42.68	Note
	Edimax	Parent Company	Purchase	300,443	22.31	Normal	Normal	Normal	(57,961)	(15.27)	
	Talent	Associate	Purchase	104,989	7.80	Normal	Normal	Normal	(33,588)	(8.85)	

Note: The transactions of the related parties except Edimax and Talent have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021.

COMTREND CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(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		
Comtrend	CUSA	Subsidiary	$ 111,446	4.78	$ -	-	$ 92,962	$ -
	CTBV	Subsidiary	149,210	3.16	-	-	107,884	-

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021.

COMTREND CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
	For the year ended December 31, 2021						
0	Comtrend	CUSA	a	Sale revenue	$ 451,223	Normal	27.13
		CUSA	a	Accounts receivable	111,446	Normal; collection period: 60-180 days	6.25
		CUSA	a	Other receivable	7,261	Normal	0.41
		CCE	a	Sales revenue	26,763	Normal	1.61
		CCE	a	Accounts receivable	13,500	Normal	0.76
		Iberia	a	Commission expenses	14,425	Normal	0.87
		CTBV	a	Sales revenue	518,322	Normal	31.16
		CTBV	a	Accounts receivable	149,210	Normal; collection period: 60-180 days	8.36

Note 1: Investee companies are numbered as follows:

a. Parent: 0
b. Subsidiaries are numbered from 1 in ascending order.

Note 2: Relationships between counterparties are numbered as follows:

a. Parent to subsidiary.
b. Subsidiary to parent.
c. Subsidiary to subsidiary.

Note 3: Percentage of consolidated operating revenue or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance with consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance with the consolidated operating revenue.

Note 4: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021.

Note 5: The amount of the significant transactions between related parties listed above is over NT$5 million.

TABLE 6

COMTREND CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares (In Thousands)	%	Carrying Amount			
Comtrend	CUSA	USA	Wholesale, retail sale, and international trade, etc.	$ 98,341	$ 98,341	200	100.00	$ 107,564	$ 62,399	$ 50,309	Subsidiary (Note 1)
	Interchan Global	Samoa	Reinvesting business	42,393	42,393	1,299	100.00	27,646	(663)	(663)	Subsidiary
	CTBV	Netherlands	Wholesale, retail sale, and international trade, etc.	50,901	50,901	1,518	100.00	96,464	6,693	8,369	Subsidiary (Note 2)
Interchan Global	8086	Taiwan	Telecommunication construction and wholesale	2,915	2,915	292	100.00	-	(266)	(266)	Sub-subsidiary
CTBV	CCE	Czech Republic	Wholesale, retail sale, and international trade, etc.	71,438	71,438	-	100.00	50,069	(2,561)	(2,561)	Sub-subsidiary
	Iberia	Spain	Wholesale, retail sale, and international trade, etc.	12,294	12,294	-	100.00	7,515	3,264	3,264	Sub-subsidiary

Note 1: The share of profits/losses of investees includes a net profit of $62,399 thousand and the effect of unrealized gross loss of $12,090 thousand on intercompany transactions.

Note 2: The share of profits/losses of investees includes a net profit of $6,693 thousand and the effect of unrealized gross profit of $1,676 thousand on intercompany transactions.

Note 3: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2021.

COMTREND CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Edimax	19,646,060	34.29

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.