

**Stock Code: 8089**



**Comtrend Corporation**

**Handbook for 2024 Annual Shareholders' Meeting**

2024 Annual Shareholders' Meeting held by means of physical shareholders meeting

Meeting Time: June 12, 2024 (Wednesday)

Place: 1F., No.278, Xinhua 1st Rd., Neihu Dist., Taipei City

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2023 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") OF COMTREDN CORPORATION ( THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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# I. Meeting Agenda

## Comtrend Corporation

### 2024 Annual Shareholders' Meeting Agenda

(2024 Annual Shareholders' Meeting held by means of physical shareholders meeting)

Time: 9:00 am on Wednesday, June 12, 2024

Place: 1F., No.278, Xinhua 1st Rd., Neihu Dist., Taipei City, Taiwan

Attendants: All shareholders or their proxy holders

Chairman: Guan-Sheng Renn

1. **Call the Meeting to Order**
2. **Chairman's Address**
3. **Report Items**
  - (1)2023 Business Report
  - (2)Audit Committee's Review Report
4. **Proposal Items**
  - (1)Adoption of the 2023 Business Report and Financial Statements
  - (2)Adoption of the Proposal for 2023 Deficit Compensation
5. **Motions**
6. **Adjournment**

## **Report Items**

- (1) 2023 Business Report

**Explanation:**

Please refer to Attachment 1.

- (2) Audit Committee's Review Report

**Explanation:**

Please refer to Attachment 2.

## Proposal Items

- (1) Adoption of the 2023 Business Report and Financial Statement (Proposed by the Board)

### Explanation:

1. The Company's 2023 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ze-Li Gong and Chih-Yuan Chen, of Deloitte & Touche.
2. 2023 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments 1, 3 and 4.

### Resolution:

- (2) Adoption of the Proposal for 2023 Deficit Compensation (Proposed by the Board)

### Explanation:

Please refer to the 2023 Deficit Compensation Statement as follows:

Comtrend Corporation  
Deficit Compensation Statement for the Year 2023

Unit: NTD\$

Items	Total
Unappropriated retained earnings of previous years	161,231,106
Net loss after tax for the current period	(345,822,403)
Remeasurement of defined benefit plans recognized to retained earnings	153,598
Items other than net loss for the current period are included in the amount of undistributed surplus for the current year	(345,668,805)
Deficit yet to be compensated – at the end of 2023	(184,437,699)
Items for compensating deficit:	
Legal reserve	85,434,313
Capital surplus	99,003,386
Unappropriated retained earnings at the end of the year	0

Chairman: Guan-Sheng Renn    Manger: Jung-Lung Hung    Accountant: Shu-Ching Wang

### Resolution:

## Motions

## Adjournment

# Attachments

## Attachment 1

### Business Report

Dear shareholders, ladies and gentlemen:

First of all, I would like to thank all shareholders, ladies and gentlemen for their long-term support and encouragement to the company. Here is the report of company's business performance in the year 2023:

1. Annual business report of year 2023:

(1). Implementation Results of the business plan

During fiscal year 2023, our company reported consolidated revenues totaling NT\$888,721 thousand and a consolidated gross profit of NT\$185,420 thousand. The fiscal year was challenging due to the global economic downturn heavily influenced by inflationary pressures. These conditions led to reduced spending by both corporations and consumers. Moreover, the completion of certain customer projects and a high inventory level maintained by our U.S. customers, a result of proactive stockpiling in the face of past material shortages, have further influenced our operations. The high inventory levels were sustained despite the financial burdens intensified by rising interest rates, which led our customers to prioritize inventory reduction. These market conditions significantly impacted our operations, culminating in a net loss after taxes of NT\$345,823 thousand for the fiscal year 2023. This outcome highlights the external challenges we faced and our urgent need to adapt to rapidly changing market dynamics.

(2). Analysis of financial revenue and expenditure and profitability (consolidated statement)

Items		2022 Year	2023 Year
Financial structure	Liabilities to assets ratio (%)	29.59	48.52
	Ratio of long-term funds to property, plant and equipment (%)	471.94	348.33
Solvency	Current ratio (%)	443.89	219.40
	Quick ratio (%)	320.99	125.67
	Interest coverage ratio	4.94	(77.52)
Profitability	Gross profit margin (%)	30.94	20.86
	Net profit after tax (%)	0.48	(38.91)
	Earnings per share (NTD)	0.16	(5.90)

Due to a decline in revenue for fiscal year 2023 and the impact of provisions for inventory devaluation losses, all financial ratios have shown a decrease compared to fiscal year 2022.

(3). Research and development status

For the fiscal year 2023, our company achieved the following significant results in research and development:

- I. Broadband Router with WiFi 6E Tri-band Wireless Transmission and 2.5G LAN/WAN.
- II. Broadband Network Gateway with WiFi 7 Wireless Transmission and 10G XGS-PON
- III. Multi-port Outdoor Remote Power Supply Broadband Repeater.
- IV. Industrial-grade Power Line Communication Data Gateway.
- V. Successful Development of CDT Software.

2. Outline of the 2024 year Annual Business Plan

(1). Business strategy for this year

As most of the customers that the company cooperates with are large-scale telecom operators in various regions, they are of indicative significance. Once they become their suppliers, they can often bring many business opportunities on their own initiative. Comtrend has established brand reputation in the telecommunications market. In addition to deepening cooperative relations with existing telecommunications companies, we also seeks more telecommunications customers and broadband service providers to expand the market and diversify the risk of customer concentration. For fiscal year 2024, it is anticipated that interest rates in the United States will begin to decrease, leading to a normalization of customer inventories and a gradual recovery in demand. Additionally, the introduction of new product shipments is expected to further boost operational momentum.

In the direction of product development, the company is a leader in niche products. On the basis of existing broadband communication equipment and the advantages of existing products, it actively develops a new generation of Broadband CPE, DPU, MDU, 10 GPON and other products, providing professional, customized, differentiated and market-competitive products to meet the deployment needs of various telecom customers and broadband service providers, so that users can enjoy higher-quality network connection, video and voice services.

(2). Important production and sales policies

The company adheres to the spirit of steady and steady development, and continues to develop and provide products in line with market trends to strengthen the cooperative relationship with customers, and provide good services to strengthen the trust of the Comtrend brand in the industry. Based on the existing customers, the company takes it as sales reference, which will help to win more telecom customers and broadband service providers in the future.



Regarding product manufacturing, we will work closely with outsourcing manufacturers to ensure stable product quality. However, variables such as the Ukraine-Russia conflict, inflation, interest rate hikes, and the US-China trade war have created uncertainties in the international situation and affected the fluctuation of raw material prices. We have asked our major customers to provide medium- to long-term sales forecasts and closely monitor market changes to mitigate the impact of these changes on our operations.

3. Future development strategy of the company

In order to maintain the stability and growth of both profit and revenue, the company still maintains the consistent development strategy as follows :

(1). Focus on the industry and grow steadily

Do not make high-risk investments, and continue to strengthen business development, giving priority to stable profits; and actively explore new markets, develop new product lines and diversify customers to reduce the impact of changes in the market environment on the company.

(2). Continue to strengthen research and development

Continue to invest deeply in R&D and strengthen software and hardware R&D capabilities, continuously develop high-end and integrated products, and maintain a leading position in technology.

(3). Adhere to quality and reduce costs

Stricter control of product quality and cost to reduce quality problems and improve the company's profitability.

(4). Strengthening operation management

The company adheres to the core values of integrity, service, pragmatism and innovation, establishes long-term partnerships with customers, suppliers and employees, and continues to improve the management system, streamline processes and efficiency, and enhance the company's overall competitiveness.

4. Affected by external competitive environment, regulatory environment, and overall business environment.

Driven by the needs of telecom operators and enterprises for network upgrades and cloud applications, the demand for communication products is increasing, causing domestic and foreign manufacturers to scramble to enter this market, resulting in increasingly fierce market competition. The company has a strong research and development, marketing and management team, in addition to maintaining long-term cooperative relations with existing customers, and actively expand the market, and is committed to the development of various niche products, the pursuit of stable growth of the company. In addition to strengthening our existing customer base, our company is also continuously developing new products and exploring new markets. We expect

to gradually see the results of these efforts in fiscal year 2024.

Finally, I would like to thank all shareholders, ladies and gentlemen for their support to the company, and also thank all employees and colleagues for their contributions and efforts, so that the company can continue to prosper and grow. Here, I wish you all good health, all the best.

Chairman  
Guan-Sheng Renn

Manager  
Jung-Lung Hung

Accountant  
Shu-Ching Wang

## Attachment 2

# Comtrend Corporation

## Audit Committee's Review Report

The Board of Directors has prepared and submitted to us the Company's 2023 Business report, Financial Statements, and Proposal for Deficit Compensation. CPA Ze-Li Gong and Chih-Yuan Chen of Deloitte & Touche were retained to audit Financial Statements and have issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and Proposal for Deficit Compensation and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

2024 shareholder meeting of the company

Chairperson of the Audit Committee: Te-Pu Wang

March 8, 2024

## **Attachment 3**

### **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, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

#### Valuation of Inventories in the United States Region

The carrying amount of the Group's inventory was \$561,407 thousand, of which \$67,612 thousand was generated from Comtrend Corporation, USA ("CUSA") as of December 31, 2023. As the amount of the assessment of net realizable value and obsolescence loss of the inventory valuation of CUSA is significant to the consolidated financial statements, the assessment of net realizable value and obsolescence loss of the inventory valuation of CUSA was deemed a key audit matter. Refer to Note 4 "summary of material accounting policy information" and Note 11 "inventories" to the consolidated financial statements.

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

1. Based on our understanding of the business, industry and nature of the products of CUSA, we evaluated the method and basic assumptions of inventory loss provision at the end of the year and evaluated their appropriateness.
2. We obtained the policy of allowance for inventory obsolescence losses and the inventory aging report. Furthermore, we assessed the reasonableness of the allowance for impairment loss in accordance with the inventory impairment policy and sampled the items of the inventory aging report to verify the accuracy of the classification.
3. We verified if inventories were measured at the lower of cost and net realizable value, using the most recent purchase price or sales price.
4. We observed the physical inventory count and assessed if any inventory was simultaneously obsolete and damaged at year-end.

#### **Other Matter**

We have also audited the parent company only financial statements of Comtrend Corporation as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023 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 8, 2024

#### 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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 492,713	29	\$ 523,357	29
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	66,126	4	62,212	4
Contract assets - current (Note 23)	1,160	-	8,355	-
Trade receivables (Notes 4, 10 and 23)	179,423	10	409,378	23
Other receivables (Notes 4, 10 and 31)	10,850	1	5,314	-
Current tax assets (Notes 4 and 25)	4,375	-	11,914	1
Inventories (Notes 4 and 11)	561,407	33	384,366	22
Other current assets (Note 15)	18,826	1	18,531	1
Total current assets	<u>1,334,880</u>	<u>78</u>	<u>1,423,427</u>	<u>80</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4 and 9)	21,516	1	20,197	1
Property, plant and equipment (Notes 4, 13, 31 and 32)	279,883	17	292,070	16
Right-of-use assets (Notes 4 and 14)	38,706	2	18,963	1
Intangible assets	2,211	-	1,601	-
Deferred tax assets (Notes 4 and 25)	32,047	2	25,286	2
Net defined benefit assets - non-current (Note 21)	4,091	-	3,295	-
Other non-current assets (Note 15)	4,818	-	3,711	-
Total non-current assets	<u>383,272</u>	<u>22</u>	<u>365,123</u>	<u>20</u>
<b>TOTAL</b>	<u>\$ 1,718,152</u>	<u>100</u>	<u>\$ 1,788,550</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 177,612	10	\$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	783	-
Contract liabilities - current (Note 23)	5,000	-	3,801	-
Notes payable and trade payables (Note 18)	307,629	18	152,225	9
Trade payables to related parties (Note 31)	26,173	2	61,984	4
Other payables (Notes 19 and 31)	63,629	4	57,180	3
Current tax liabilities (Notes 4 and 25)	-	-	494	-
Provisions - current (Notes 4 and 20)	8,770	1	7,914	-
Lease liabilities - current (Notes 4 and 14)	13,616	1	10,852	1
Other current liabilities (Note 19)	5,996	-	25,441	1
Total current liabilities	<u>608,425</u>	<u>36</u>	<u>320,674</u>	<u>18</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 17)	200,000	12	200,000	11
Deferred tax liabilities (Note 25)	9	-	270	-
Lease liabilities - non-current (Notes 4 and 14)	25,285	1	8,339	1
Total non-current liabilities	<u>225,294</u>	<u>13</u>	<u>208,609</u>	<u>12</u>
Total liabilities	<u>833,719</u>	<u>49</u>	<u>529,283</u>	<u>30</u>
<b>EQUITY (Note 22)</b>				
Share capital				
Common stock	586,655	34	582,587	33
Capital collected in advance	-	-	2,052	-
Total share capital	<u>586,655</u>	<u>34</u>	<u>584,639</u>	<u>33</u>
Capital surplus	350,157	20	350,157	19
Retained earnings				
Legal reserve	85,435	5	83,922	5
Unappropriated earnings	(184,438)	(11)	203,810	11
Total retained earnings	<u>(99,003)</u>	<u>(6)</u>	<u>287,732</u>	<u>16</u>
Other equity				
Exchange differences on translation of financial statements of foreign operations	20,930	1	14,959	1
Unrealized gain on financial assets at fair value through other comprehensive income	25,694	2	21,780	1
Total other equity	<u>46,624</u>	<u>3</u>	<u>36,739</u>	<u>2</u>
Total equity	<u>884,433</u>	<u>51</u>	<u>1,259,267</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 1,718,152</u>	<u>100</u>	<u>\$ 1,788,550</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2024)

# COMTREND CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 888,721	100	\$ 1,921,542	100
OPERATING COSTS (Notes 4, 11, 24 and 31)	<u>(703,301)</u>	<u>(79)</u>	<u>(1,327,000)</u>	<u>(69)</u>
GROSS PROFIT	<u>185,420</u>	<u>21</u>	<u>594,542</u>	<u>31</u>
OPERATING EXPENSES (Notes 10, 21, 24 and 31)				
Selling and marketing expenses	(323,375)	(36)	(349,074)	(18)
General and administrative expenses	(97,638)	(11)	(101,751)	(6)
Research and development expenses	(138,872)	(16)	(154,319)	(8)
Expected credit reversal gains and impairment losses	<u>5,210</u>	<u>-</u>	<u>(2,195)</u>	<u>-</u>
Total operating expenses	<u>(554,675)</u>	<u>(63)</u>	<u>(607,339)</u>	<u>(32)</u>
LOSS FROM OPERATIONS	<u>(369,255)</u>	<u>(42)</u>	<u>(12,797)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	4,350	-	-	-
Other gains and losses (Notes 24 and 31)	6,257	1	28,810	1
Finance costs (Note 24)	(4,497)	-	(3,572)	-
Interest income (Note 24)	<u>9,995</u>	<u>1</u>	<u>1,620</u>	<u>-</u>
Total non-operating income and expenses	<u>16,105</u>	<u>2</u>	<u>26,858</u>	<u>1</u>
(LOSS) PROFIT BEFORE INCOME TAX	(353,150)	(40)	14,061	-
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 25)	<u>7,327</u>	<u>1</u>	<u>(4,790)</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(345,823)</u>	<u>(39)</u>	<u>9,271</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	192	-	6,444	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	3,914	-	3,814	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(38)	-	(1,288)	-

(Continued)

## COMTREND CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 5,971	1	\$ 23,147	1
Other comprehensive income for the year, net of income tax	10,039	1	32,117	2
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	\$ (335,784)	(38)	\$ 41,388	2
(LOSS) EARNINGS PER SHARE (Note 26)				
Basic	\$ (5.90)		\$ 0.16	
Diluted	\$ (5.90)		\$ 0.16	

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

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 22)			Capital Surplus (Notes 22 and 28)	(Accumulated Deficit) Retained Earnings (Note 22)			Other Equity (Note 8)			Total Equity
	Common Stock	Collected in Advance	Total		Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other	Total	
								Foreign Operations	Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$ 572,963	\$ 36	\$ 572,999	\$ 349,418	\$ 83,922	\$ 246,438	\$ 330,360	\$ (8,188)	\$ 18,668	\$ 10,480	\$ 1,263,257
Appropriation of 2021 earnings											
Cash dividends distributed by the Company	-	-	-	-	-	(57,757)	(57,757)	-	-	-	(57,757)
Other changes in capital surplus											
Recognition of employee share options by the Company (Note 28)	-	-	-	739	-	-	-	-	-	-	739
Issuance of ordinary shares under employee share options	9,624	2,016	11,640	-	-	-	-	-	-	-	11,640
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	-	702	702	-	(702)	(702)	-
Net income for the year ended December 31, 2022	-	-	-	-	-	9,271	9,271	-	-	-	9,271
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,156	5,156	23,147	3,814	26,961	32,117
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	14,427	14,427	23,147	3,814	26,961	41,388
BALANCE AT DECEMBER 31, 2022	582,587	2,052	584,639	350,157	83,922	203,810	287,732	14,959	21,780	36,739	1,259,267
Appropriation of 2022 earnings											
Legal reserve	-	-	-	-	1,513	(1,513)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(41,066)	(41,066)	-	-	-	(41,066)
Issuance of ordinary shares under employee share options	4,068	(2,052)	2,016	-	-	-	-	-	-	-	2,016
Net loss for the year ended December 31, 2023	-	-	-	-	-	(345,823)	(345,823)	-	-	-	(345,823)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	154	154	5,971	3,914	9,885	10,039
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(345,669)	(345,669)	5,971	3,914	9,885	(335,784)
BALANCE AT DECEMBER 31, 2023	\$ 586,655	\$ -	\$ 586,655	\$ 350,157	\$ 85,435	\$ (184,438)	\$ (99,003)	\$ 20,930	\$ 25,694	\$ 46,624	\$ 884,433

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

# COMTREND CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) profit before income tax	\$ (353,150)	\$ 14,061
Adjustments for:		
Depreciation expense	43,878	46,166
Amortization expenses	1,001	46
Expected credit reversal gains and impairment losses	(5,210)	2,195
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(783)	783
Finance costs	4,497	3,572
Interest income	(9,995)	(1,620)
Dividend income	(4,350)	-
Share-based payments	-	739
Loss on disposal of property, plant and equipment	66	-
Net loss (gain) on disposal of financial assets	666	(969)
Write-down of inventories	94,137	6,108
Gain on changes in lease	(32)	(2)
Net changes in operating assets and liabilities		
Contract assets	7,195	(2,573)
Trade receivables	235,090	(46,949)
Other receivables	(5,536)	(3,940)
Inventories	(270,288)	286,066
Other current assets	(295)	6,798
Net defined benefit assets	(604)	-
Financial liabilities at fair value through profit or loss	(666)	-
Contract liabilities	1,199	2,591
Notes payable and trade payables (including related parties)	119,593	(165,973)
Other payables	6,449	(15,702)
Provisions	856	2,532
Other current liabilities	(19,445)	711
Net defined benefit liabilities	-	(5,924)
Cash (used in) generated from operations	(155,727)	128,716
Interest received	9,995	1,620
Dividends received	4,350	-
Interest paid	(4,180)	(3,276)
Income tax returned (paid)	7,313	(12,965)
Net cash (used in) generated from operating activities	<u>(138,249)</u>	<u>114,095</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,452
Acquisition from financial assets measured at amortized cost	(1,319)	(19,387)
Proceeds from sale of financial assets at fair value through profit or loss	-	969
Payments for property, plant and equipment	(17,399)	(222,045)

(Continued)

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	2023	2022
(Increase) decrease in refundable deposits	\$ (1,107)	\$ 1,477
Payments for intangible assets	<u>(1,611)</u>	<u>(1,647)</u>
Net cash used in investing activities	<u>(21,436)</u>	<u>(239,181)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	177,612	-
Proceeds from long-term borrowings	-	200,000
Repayment of the principal portion of lease liabilities	(14,665)	(14,105)
Dividends paid to owners of the Company	(41,066)	(57,757)
Exercise of employee share options	<u>2,016</u>	<u>11,640</u>
Net cash generated from financing activities	<u>123,897</u>	<u>139,778</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>5,144</u>	<u>26,452</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(30,644)	41,144
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>523,357</u>	<u>482,213</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 492,713</u>	<u>\$ 523,357</u>

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

## **Attachment 4**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Comtrend Corporation

#### **Opinion**

We have audited the accompanying financial statements of Comtrend Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is stated as follows:

#### Valuation of Inventories of The Invested Company for Using Equity Method

As disclosed in Note 11 to the financial statements, the balance of investments accounted for using the equity method in credit, which was Comtrend Corporation, USA ("CUSA") held by the Company, was \$20,826 thousand, and the share of loss of CUSA was \$(205,690) thousand, representing 58.29% of the total loss before income tax for the year ended December 31, 2023. Since the recognition of investment losses for using equity method for the Company is affected by the calculation of CUSA's net realizable value of inventories and the related provision for impairment losses, it was considered significant. Consequently, valuation of inventories for using the equity method of CUSA was deemed a key audit matter.

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

1. Based on our understanding of the business, industry and nature of the products of CUSA, we evaluated the method and basic assumptions of inventory loss provision at the end of the year and evaluated their appropriateness.
2. We obtained the policy of allowance for inventory obsolescence losses and the inventory aging report. Furthermore, we assessed the reasonableness of the allowance for impairment loss in accordance with the inventory impairment policy and sampled the items of the inventory aging report to verify the accuracy of classification.
3. We verified if inventories were measured at the lower of cost and net realizable value, using the most recent purchase price or sales price.
4. We observed the physical inventory count and assessed if any inventory was simultaneously obsolete and damaged at year-end.

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

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

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

Those charged with governance, including members of the audit committee, are responsible for overseeing the Company's financial reporting process.



## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 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 8, 2024

#### Notice to Readers

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

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

# COMTREND CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 396,953	24	\$ 381,114	22
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	66,126	4	62,212	4
Trade receivables (Notes 4, 9 and 22)	91,448	5	144,179	8
Trade receivables from related parties (Notes 22 and 30)	207,135	12	361,949	21
Other receivables (Notes 4 and 9)	9,548	1	4,791	-
Current tax assets (Notes 4 and 24)	894	-	186	-
Inventories (Notes 4 and 10)	491,774	29	261,409	15
Other current assets (Note 14)	16,118	1	14,121	1
Total current assets	<u>1,279,996</u>	<u>76</u>	<u>1,229,961</u>	<u>71</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Notes 4 and 11)	86,467	5	179,479	10
Property, plant and equipment (Notes 4, 12, 30 and 31)	278,760	17	290,199	17
Right-of-use assets (Notes 4 and 13)	4,334	-	6,879	-
Intangible assets	2,211	-	1,601	-
Deferred tax assets (Notes 4 and 24)	32,047	2	25,286	2
Net defined benefit assets - non-current (Note 20)	4,091	-	3,295	-
Other non-current assets (Note 14)	1,223	-	1,446	-
Total non-current assets	<u>409,133</u>	<u>24</u>	<u>508,185</u>	<u>29</u>
<b>TOTAL</b>	<u>\$ 1,689,129</u>	<u>100</u>	<u>\$ 1,738,146</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 177,612	11	\$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	783	-
Contract liabilities - current (Notes 22 and 30)	4,487	-	3,250	-
Notes payable and trade payables (Note 17)	307,330	18	151,247	9
Trade payables to related parties (Note 30)	26,173	2	61,984	4
Other payables (Notes 18 and 30)	54,939	3	46,329	3
Provisions - current (Notes 4 and 19)	8,770	1	7,914	-
Lease liabilities - current (Notes 4 and 13)	2,830	-	2,703	-
Other current liabilities (Note 18)	181	-	202	-
Total current liabilities	<u>582,322</u>	<u>35</u>	<u>274,412</u>	<u>16</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 16 and 31)	200,000	12	200,000	12
Deferred tax liabilities (Notes 4 and 24)	9	-	270	-
Lease liabilities - non-current (Notes 4 and 13)	1,539	-	4,197	-
Investments accounted for using the equity method in credit (Notes 4 and 11)	20,826	1	-	-
Total non-current liabilities	<u>222,374</u>	<u>13</u>	<u>204,467</u>	<u>12</u>
Total liabilities	<u>804,696</u>	<u>48</u>	<u>478,879</u>	<u>28</u>
<b>EQUITY (Note 21)</b>				
Share capital				
Common stock	586,655	35	582,587	34
Capital collected in advance	-	-	2,052	-
Total share capital	<u>586,655</u>	<u>35</u>	<u>584,639</u>	<u>34</u>
Capital surplus	<u>350,157</u>	<u>20</u>	<u>350,157</u>	<u>20</u>
(Accumulated deficits) retained earnings				
Legal reserve	85,435	5	83,922	5
(Accumulated deficits) unappropriated earnings	(184,438)	(11)	203,810	11
Total (accumulated deficits) retained earnings	<u>(99,003)</u>	<u>(6)</u>	<u>287,732</u>	<u>16</u>
Other equity				
Exchange differences on translation of financial statements of foreign operations	20,930	1	14,959	1
Unrealized gain on financial assets at fair value through other comprehensive income	25,694	2	21,780	1
Total other equity	<u>46,624</u>	<u>3</u>	<u>36,739</u>	<u>2</u>
Total equity	<u>884,433</u>	<u>52</u>	<u>1,259,267</u>	<u>72</u>
<b>TOTAL</b>	<u>\$ 1,689,129</u>	<u>100</u>	<u>\$ 1,738,146</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated March 8, 2024)

# COMTREND CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 30)	\$ 829,290	100	\$ 1,725,024	100
OPERATING COSTS (Notes 4, 10, 23 and 30)	<u>(627,678)</u>	<u>(75)</u>	<u>(1,310,216)</u>	<u>(76)</u>
GROSS PROFIT	201,612	25	414,808	24
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(55,867)	(7)	(50,815)	(3)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>50,815</u>	<u>6</u>	<u>22,937</u>	<u>2</u>
REALIZED GROSS PROFIT	<u>196,560</u>	<u>24</u>	<u>386,930</u>	<u>23</u>
OPERATING EXPENSES (Notes 20, 23 and 30)				
Selling and marketing expenses	(95,430)	(11)	(121,641)	(7)
General and administrative expenses	(97,638)	(12)	(101,749)	(6)
Research and development expenses	<u>(138,871)</u>	<u>(17)</u>	<u>(154,318)</u>	<u>(9)</u>
Total operating expenses	<u>(331,939)</u>	<u>(40)</u>	<u>(377,708)</u>	<u>(22)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(135,379)</u>	<u>(16)</u>	<u>9,222</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 23 and 30)	4,350	1	124	-
Other gains and losses (Note 23)	2,213	-	25,070	1
Finance costs (Note 23)	(4,266)	-	(3,324)	-
Share of profit or loss of subsidiaries	(228,366)	(28)	(16,433)	(1)
Interest income (Note 23)	<u>8,562</u>	<u>1</u>	<u>1,499</u>	<u>-</u>
Total non-operating income and expenses	<u>(217,507)</u>	<u>(26)</u>	<u>6,936</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX	(352,886)	(42)	16,158	1
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 24)	<u>7,063</u>	<u>1</u>	<u>(6,887)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(345,823)</u>	<u>(41)</u>	<u>9,271</u>	<u>-</u>

(Continued)

# COMTREND CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 192	-	\$ 6,444	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	3,914	-	3,814	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(38)	-	(1,288)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>5,971</u>	<u>1</u>	<u>23,147</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>10,039</u>	<u>1</u>	<u>32,117</u>	<u>2</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR				
	<u>\$ (335,784)</u>	<u>(40)</u>	<u>\$ 41,388</u>	<u>2</u>
(LOSS) EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ (5.90)</u>		<u>\$ 0.16</u>	
Diluted	<u>\$ (5.90)</u>		<u>\$ 0.16</u>	

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 8, 2024)

# COMTREND CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 21)			Capital Surplus (Notes 21 and 26)	(Accumulated Deficit) Retained Earnings (Note 21)			Other Equity (Note 8)		Total Equity	
	Common Stock	Collected in Advance	Total		Legal Reserve	(Accumulated Deficit)		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
						Unappropriated Earnings	Total				
BALANCE AT JANUARY 1, 2022	\$ 572,963	\$ 36	\$ 572,999	\$ 349,418	\$ 83,922	\$ 246,438	\$ 330,360	\$ (8,188)	\$ 18,668	\$ 10,480	\$ 1,263,257
Appropriation of 2021 earnings											
Cash dividends distributed by the Company	-	-	-	-	-	(57,757)	(57,757)	-	-	-	(57,757)
Other changes in capital surplus											
Recognition of employee share options by the Company (Note 26)	-	-	-	739	-	-	-	-	-	-	739
Issuance of ordinary shares under employee share options	9,624	2,016	11,640	-	-	-	-	-	-	-	11,640
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	-	702	702	-	(702)	(702)	-
Net income for the year ended December 31, 2022	-	-	-	-	-	9,271	9,271	-	-	-	9,271
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,156	5,156	23,147	3,814	26,961	32,117
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	14,427	14,427	23,147	3,814	26,961	41,388
BALANCE AT DECEMBER 31, 2022	582,587	2,052	584,639	350,157	83,922	203,810	287,732	14,959	21,780	36,739	1,259,267
Appropriation of 2022 earnings											
Legal reserve	-	-	-	-	1,513	(1,513)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(41,066)	(41,066)	-	-	-	(41,066)
Issuance of ordinary shares under employee share options	4,068	(2,052)	2,016	-	-	-	-	-	-	-	2,016
Net loss for the year ended December 31, 2023	-	-	-	-	-	(345,823)	(345,823)	-	-	-	(345,823)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	154	154	5,971	3,914	9,885	10,039
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(345,669)	(345,669)	5,971	3,914	9,885	(335,784)
BALANCE AT DECEMBER 31, 2023	\$ 586,655	\$ -	\$ 586,655	\$ 350,157	\$ 85,435	\$ (184,438)	\$ (99,003)	\$ 20,930	\$ 25,694	\$ 46,624	\$ 884,433

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

# COMTREND CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) profit before income tax	\$ (352,886)	\$ 16,158
Adjustments for:		
Depreciation expense	31,608	33,195
Amortization expenses	1,001	46
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(783)	783
Finance costs	4,266	3,324
Interest income	(8,562)	(1,499)
Dividend income	(4,350)	-
Share-based payments	-	739
Share of profit of subsidiaries	228,366	16,433
Net loss (gain) on disposal of financial assets	666	(969)
Gain on disposal of subsidiary	-	(1,110)
Write-down of inventories	33,082	-
Reversal of write-down of inventories	-	(12,698)
Unrealized gain on transactions with subsidiaries	55,867	50,815
Realized gain on transactions with subsidiaries	(50,815)	(22,937)
Gain on changes in lease	(32)	-
Net changes in operating assets and liabilities		
Trade receivables (including related parties)	93,936	(156,549)
Other receivables	(4,757)	3,338
Inventories	(263,447)	330,285
Other current assets	(1,997)	5,899
Net defined benefit assets	(604)	-
Financial liabilities at fair value through profit or loss	(666)	-
Contract liabilities	1,237	2,408
Notes payable and trade payables (including related parties)	120,272	(166,238)
Other payables	8,610	(14,029)
Provisions	856	2,532
Other current liabilities	(21)	(17)
Net defined benefit liabilities	-	(5,924)
Cash (used in) generated from operations	(109,153)	83,985
Interest received	8,562	1,499
Dividends received	4,350	-
Interest paid	(4,180)	(3,278)
Income tax paid	(705)	(120)
Net cash (used in) generated from operating activities	<u>(101,126)</u>	<u>82,086</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,452
Proceeds from sale of financial assets at fair value through profit or loss	-	969

(Continued)

COMTREND CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Net cash inflow on disposal of subsidiary	\$ -	\$ 32,145
Payments for property, plant and equipment	(17,399)	(221,815)
Decrease in refundable deposits	223	1,808
Payments for intangible assets	<u>(1,611)</u>	<u>(1,647)</u>
Net cash used in investing activities	<u>(18,787)</u>	<u>(187,088)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	177,612	-
Proceeds from long-term borrowings	-	200,000
Repayment of the principal portion of lease liabilities	(2,810)	(1,496)
Dividends paid to owners of the Company	(41,066)	(57,757)
Exercise of employee share options	<u>2,016</u>	<u>11,640</u>
Net cash generated from financing activities	<u>135,752</u>	<u>152,387</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,839	47,385
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>381,114</u>	<u>333,729</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 396,953</u>	<u>\$ 381,114</u>

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



# Appendices

## Appendix 1

### Comtrend Corporation Articles of Incorporation

#### Chapter 1 General Provisions

Article 1 : The Company shall be incorporated as a company limited by shares under the Company Act, and its name shall be 康全電訊股份有限公司 in the Chinese language, and Comtrend Corporation in the English language.

Article 2 : The scope of business of the Company shall be as follows:

1. CC01060 Wired communication equipment and apparatus manufacturing.
2. CC01070 Telecommunication equipment and apparatus manufacturing.
3. CC01080 Electronic parts and components manufacturing.
4. CC01110 Computer and peripheral equipment manufacturing
5. E605010 Computing equipment installation construction.
6. E701030 Controlled telecommunications radio-frequency devices installation engineering.
7. F113050 Wholesale of computing and business machinery equipment.
8. F113070 Wholesale of telecommunication apparatus.
9. F118010 Wholesale of computer software.
10. F213060 Retail sale of telecommunication apparatus.
11. F218010 Retail sale of computer software.
12. F401010 International trade.
13. F401021 Telecommunications regulation RF equipment import.
14. I301010 Software design services.
15. I301020 Data processing services.
16. I501010 Product Designing.
17. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : Due to business needs, the Company may guarantee for third party's obligation.

Article 4 : Due to business needs, the Company may conduct various investments. The amount of investment is not subject to the total amount limitation of the investment under Article 13 of the Company Act not to exceed the 40% of the paid-up capital.

Article 5 : The Company set up headquarters in New Taipei City and will set up and abolish branch or affiliate office by the resolution of the board of directors if necessary.

Article 6 : The Company's announcement method is in accordance with the Company Act and other relevant laws and regulations.

#### Chapter 2 Shares

Article 7 : The total capital of the Company is NT\$ 1,300,000,000, divided into shares, with a par value of NT\$ 10, of the said capital amount NT\$ 100,000,000 divided into 10,000,000 shares, with a par value of NT\$ 10, shall be reserved for the issuance of employee stock option certificate. The Board of Directors is authorized to

issue the remaining shares according to the business situation.

Article 7-1 : The entitled transferees who receive the shares bought by the Company based of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.

The entitled transferees who receive share subscription warrant the based of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.

The employees who are entitled to subscribe new shares by the Company based of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.

The employees who are entitled restricted stock issued by the Company based of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.

Article 8 : The share certificate of the Company can be all name-bearing share certificates and shall be signed by, and affixed with the seals or by signature of, at least three directors of the Company, and issued after duly authentication pursuant to the law. The share certification of the Company is registered share and issued in accordance with the Company Act and the relevant laws and regulations. The shares issued by the Company shall be exempt from printed stock, but shall be registered with the securities centralized management institution.

Article 9 : The administration of the Company's shares shall be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" announced by the Competent Authority, except there is any applicable regulations or orders.

Article 10 : The change of owner name in the share certificate shall not be made within 60 days prior to the date of the general meeting of the shareholders, within 30 days before the extraordinary shareholders' meeting, or within five days before the date on which the Company decides to distribute dividends or other interests.

### Chapter 3 Shareholders' Meeting

Article 11 : There will be two kinds of shareholders' meetings including general meeting and extraordinary meeting, the general meeting will be convened by the board of director once a year within six months after the end of each fiscal year. The extraordinary meeting will be held in accordance with the relevant laws and regulations if it is necessary.

The company's shareholders meeting may be held by video conference or other methods announced by the competent authority.

The requirements, operating procedures, and other matters to be complied with for the adoption of video shareholders meeting shall be governed by the regulations of the competent authority if otherwise stipulated.

Article 12 : When the shareholder cannot attend the shareholders' meeting in person, he may issue a power of attorney by the form provided from the Company in accordance with the Article 177 of the Company Act, to authorize a proxy to attend and perform his rights. Shareholders shall authorize proxy in accordance with the provisions of the Company Act, and the "Regulations Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies" announced by concerning authority.

- Article 13 : Shareholders of the Company have a right of voting per share, except in the case of the share with limited right or no right to vote under section 179 of the Company Act.
- Article 14 : Resolutions at a shareholders' meeting shall, unless otherwise provided for in other regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. In accordance with the provisions of the concerning authority, the shareholders of the Company are also allowed to exercise their voting rights electronically. The shareholders who exercise the voting rights electronically shall be deemed to be present in person and their related matters shall be governed by the applicable laws and regulations.
- Article 15 : The resolution of the shareholders' meeting shall be recorded as minutes and signed or sealed by the chairman. The minutes shall be forwarded to each shareholder within twenty days after the meeting. In the distribution of shareholders meeting minutes, a public announcement may be made in place of the minutes. The minutes of the essential points of the proceedings and the results of the meeting and shall be kept by the company together with proxies and the signing list of shareholders present at the meeting.
- Article 16 : To transfer shares to employees at less than the average actual share repurchase price or to issue employee stock warrants at a discount to the closing price of the company's ordinary shares on the issue date, a company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.

#### Chapter 4 Directors and Audit Committee

- Article 17 : The number of directors of the Company is seven to thirteen, the number of independent directors more than two and shall not be less than one-fifth of the total directors. The election of the directors is in accordance with the candidate nomination system and in Article 192-1 of the Company Act. The Independent directors and non-independent directors should be elected together and calculated the elected members separately.
- The Company has set up the Audit Committee in accordance with Article 14.4 of the Securities Exchange Law, the Audit Committee is composed of all independent directors. Audit Committee or the members of the Audit Committee are responsible for the execution of the supervisor's rights in accordance with the Company Act, the Securities Exchange Act and other laws and regulations.
- Article 18 : The election of the directors is by the shareholders meeting from a candidate list. The term of office of the directors is three years, and they are eligible for re-election. The total shareholding proportion of the directors shall be according to the regulation announced by the securities administrative authority.
- Article 19 : When the directors are short over one-third, the board of directors shall convene an extraordinary meeting of shareholders within sixty days for by-election, but the term of office shall be limited to the original term.
- When the number of independent directors has been dismissed, an independent director by-election shall be held at the next shareholders meeting. When all

independent directors have been dismissed, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the fact occurred.

Article 20 : The board of directors shall be organized by the directors, and the chairman of the board of directors shall be elected by the consent of more than two-thirds of the directors in the meeting attended with majority of the directors. Chairman is the representative of the Company.

Article 21 : The board of directors as needed elect a vice chairman of the board directors from among the directors. There may be a vice chairman of the board of directors to assist the chairman. The vice chairman of the board shall be elected in accordance with the same manner set forth in Article 20 of Articles Incorporation.

Article 22 : The board of directors shall determine the remuneration of the directors in accordance with the degree of contribution to the operation, the value of the contribution and the market level of the same industry.

Article 23 : The Company may purchase liability insurance for directors.

Article 24 : Meetings of the board of directors shall be convened by the chairman of the board of directors. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors. The board of directors could convene meeting with notice by e-mail or fax. The notice of the convening of the board of directors of the company shall be informing the subjects and be served to the directors and attendees before seven days. However, in case of an emergency, it could be convened at any time.

Article 25 : Where a board of directors is held by videoconference, a director attending the videoconference shall be deemed as present in person.

Article 26 : Unless otherwise provided for in Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 27 : If the directors are unable to attend the board of directors in person, they may appoint other directors to attend the meeting, but the appointees shall be appointed by one director.

#### Chapter 5 Managers

Article 28 : The Company shall have a general manager and several managers, their appointment, dismissal and remuneration shall be handled in accordance with the provisions of Article 29 of the Company Act.

#### Chapter 6 Accounting

Article 29 : At the close of each fiscal year, the board of directors shall prepare the following statements and records and shall forward the same to the meeting date of a general meeting of shareholders:

1. the business report;
2. the financial statements; and
3. the surplus earning distribution or loss off-setting proposals.

Article 30 : If the Company has profit for the year, the Company shall set aside not less than

5% as the employee's remuneration and not more than 5% for the directors' remuneration. However, if there is any accumulated loss, the Company shall reserve the amount to offset the loss. The employee entitled for the employee's remuneration may include the employee of the parents or subsidiary company who meets certain conditions, it shall be distributed by stock or cash according to the resolution of the board of directors. The distribution proposal of remunerations for employee and directors shall be submitted to the shareholders' meeting.

If the Company's annual accounts are surplus, the Company shall retain 10% of the statutory surplus reserve after the tax is paid in accordance with the law and the accumulated loss have been covered, except that the legal reserve has reached the paid-up capital of the Company. The surplus shall be booked as special surplus reserve in accordance with the law, if there is still a balance, the board of directors shall, to add with the accumulated undistributed surplus, propose a surplus earning distribution to the shareholders' meeting in order to distribute dividend to the shareholders.

The dividend policy of the Company is based on the future development plan, investment environment, capital demand, financial structure, surplus and domestic and international competition, shareholders and other factors.

Each year, the Company may set aside dividends to shareholders for the amount of more than 10 percent of attributable surplus earning, except that the accumulated attributable surplus earning is less than 40% of the paid capital; the Company may use cash or stock to distribute the dividend, but the cash dividend shall not be less than 10% of the total dividend.

#### Chapter 7 Supplementary Provisions

Article 31 : The other matters not stipulated in this Articles of Incorporation are subject to the provisions of the Company Act and the relevant laws and regulations.

Article 32 : This Articles of Incorporation was concluded on March 31, 1990.

Amended on August 30, 1990 for the first time.

Amended on July 30, 1991 for the second time.

Amended on May 10, 1992 for the third time.

Amended on January 29, 1993 for the fourth time.

Amended on May 10, 1993 for the fifth time.

Amended on November 21, 1994 for the sixth time.

Amended on February 12, 1996 for the seventh time.

Amended on April 18, 1997 for the eighth time.

Amended on April 7, 1998 for the ninth time.

Amended on April 27, 1999 for the tenth time.

Amended on May 17, 2000 for the eleventh time.

Amended on March 23, 2001 for the twelfth time.

Amended on June 21, 2002 for the thirteenth time.

Amended on June 27, 2003 for the fourteenth time.

Amended on June 25, 2004 for the fifteenth time.

Amended on June 23, 2006 for the sixteenth time.

Amended on June 20, 2008 for the seventeenth time.

Amended on September 26, 2008 for the eighteenth time.

Amended on May 26, 2009 for the nineteenth time.  
Amended on May 31, 2010 for the twentieth time.  
Amended on March 18, 2011 for the twenty-first time.  
Amended on April 23, 2012 for the twenty-second time.  
Amended on June 11, 2014 for the twenty-third time.  
Amended on June 14, 2016 for the twenty-fourth time.  
Amended on June 14, 2017 for the twenty-fifth time.  
Amended on June 5, 2019 for the twenty-sixth time.  
Amended on June 14, 2022 for the twenty- seventh time.  
Amended on June 15, 2023 for the twenty- eighth time.

## Appendix 2

### Comtrend Corporation Rules and Procedures of Shareholders' Meetings

Article 1 : To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 : The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 : Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the

completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, the board of directors may include it in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 : For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 : The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.



Article 6 : This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 : If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or

related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 : This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 : Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and announce relevant information such as the number of non-voting rights and the number of shares present at the same time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 : If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs

(including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 : Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 : Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting

rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 : A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any

one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 : The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected and the list of unelected directors and their obtained voting rights.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 : Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of this Corporation.

Article 16 : On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or the competent authority regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 : Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order

at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 : When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 : These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 20 : These Rules were approved by the Annual General Shareholders' Meeting and entered into force on June 21, 2002.

Amended on June 14, 2017 for the first time.

Amended on June 11, 2020 for the second time.

Amended on July 29, 2021 for the third time.

## Appendix 3

### Comtrend Corporation Shareholdings of Directors

1. The company's paid-in capital is NT\$586,655,270 and the number of issued ordinary shares is 58,665,527 shares.
2. According to Article 26 of the Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the board of directors should hold 4,693,242 shares. (Due to the Company has three independent directors elected, the board of directors other than independent directors should hold 80% of the stock shares calculated in the preceding paragraph).
3. The Company has established an Audit Committee, therefore the shareholdings of Supervisors is not applicable.
4. As of April 14, 2024 (final day for stock transfer), the shareholdings of the Company's directors on the shareholders' registry was as follows:

Position	Name	Date elected	Term	Shareholdings	
				Shares	Ratio (%)
Chairman	Edimax Technology Co., Ltd. Representative: Guan-Sheng Renn	June 15, 2023	3	19,649,060	33.49
Director	Edimax Technology Co., Ltd. Representative: Yu-Chang Chiu	June 15, 2023	3	19,649,060	33.49
Director	Edimax Technology Co., Ltd. Representative: Jung-Lung Hung	June 15, 2023	3	19,649,060	33.49
Director	Edimax Technology Co., Ltd. Representative: Liang-Jung Pan	June 15, 2023	3	19,649,060	33.49
Director	Shin-Hua Hung	June 15, 2023	3	-	-
Director	Yu-Jen Hsu	June 15, 2023	3	-	-
Independent Director	Te-Pu Wang	June 15, 2023	3	-	-
Independent Director	Shao-Chang Chu	June 15, 2023	3	-	-
Independent Director	Shi-Ying Gan	June 15, 2023	3	-	-
Total (Not including independent director)				19,649,060 (Note 1)	33.49

Note:

1. The amount of issued shares held by all directors are in compliance with legal percentage.