

Comtrend Corporation

2024 Annual Shareholders' Meeting Minutes

(Translation)

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

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

(Physical shareholders meeting)

Total outstanding Comtrend shares: 58,665,527 shares

Total shares represented by shareholders present in person or by proxy: 37,329,882 shares
(among them, 1,597,946 shares voted via electronic transmission)

Percentage of shares held by shareholders present in person or by proxy: 63.63%

Chairman: Guan-Sheng Renn

Recorder: Shu-Han Yang

Participants:

Director : Edimax Technology Co., Ltd Representative: Yu-Chang Chiu

Edimax Technology Co., Ltd Representative: Liang-Jung Pan

Edimax Technology Co., Ltd Representative: Jung-Lung Hung

Shin-Hua Hung, Yu-Jen Hsu

Independent Director : Te-Pu Wang, Shao-Chang Chu, Shi-Ying Gan

CPA : Ze-Li Gong

Lawyer : Bao-Lu Lee

1. Call the Meeting to Order

2. Chairman's Address (omitted)

3. Report Items

(1) 2023 Business Report (Please refer to Attachment 1).

(2) Audit Committee's Review Report (Please refer to Attachment 2).

4. Proposal Items

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

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.

Voting Results: Shares represented at the time of voting: 37,329,882

(including 1,597,946 shares voted via electronic transmission)

Voting Results*		% of the total represented share present
Votes in favor	37,201,177 Votes (1,557,242 Votes)	99.66%
Votes against	1,923 Votes (1,923 Votes)	0.01%
Votes invalid	0 Votes (0 Votes)	0.00%
Votes abstained	126,782 Votes (38,781 Votes)	0.34%

*including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

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

1) 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

Voting Results: Shares represented at the time of voting: 37,329,882

(including 1,597,946 shares voted via electronic transmission)

Voting Results*		% of the total represented share present
Votes in favor	37,191,817 Votes (1,547,882 Votes)	99.63%
Votes against	11,281 Votes (11,281 Votes)	0.03%
Votes invalid	0 Votes (0 Votes)	0.00%
Votes abstained	126,784 Votes (38,783 Votes)	0.34%

*including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. Motions : None.

6. Adjournment : Meeting ended at 9:12 am on the same day.

There were no questions from shareholders at this shareholders' meeting.

The minutes of this regular shareholder meeting are recorded in accordance with Article 183, Section 4 of the Company Law, outlining the proceedings and outcomes of the discussions. The content, procedures, and shareholder statements during the meeting are primarily based on the audiovisual recording of the meeting.

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	%
CURRENT ASSETS				
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>
NON-CURRENT ASSETS				
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>
TOTAL	<u>\$ 1,718,152</u>	<u>100</u>	<u>\$ 1,788,550</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
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>
NON-CURRENT LIABILITIES				
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>
EQUITY (Note 22)				
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>
TOTAL	<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
CASH FLOWS FROM OPERATING ACTIVITIES		
(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>
CASH FLOWS FROM INVESTING ACTIVITIES		
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	%
CURRENT ASSETS				
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>
NON-CURRENT ASSETS				
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>
TOTAL	<u>\$ 1,689,129</u>	<u>100</u>	<u>\$ 1,738,146</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
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>
NON-CURRENT LIABILITIES				
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>
EQUITY (Note 21)				
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>
TOTAL	<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	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value through Other	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
CASH FLOWS FROM OPERATING ACTIVITIES		
(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>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,452
Proceeds from sale of financial assets at fair value through profit or loss	-	969

(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>
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	(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)