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Stark Technology Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Review Report

For the Nine Months Ended September 30, 2021 and 2020

Company address: 12F-1, No. 83, Section 2, Dongda Road, Hsinchu City
TEL: (03)542-5566

Consolidated Financial Statements

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Independent Auditor's Review Report

To stakeholders of Stark Technology Inc.:

Foreword

We have reviewed the consolidated balance sheet of Stark Technology Inc. and subsidiaries as of September 30, 2021 and 2020, the consolidated statement of comprehensive income for the three months ended September 30, 2021 and 2020, nine months ended September 30, 2021 and 2020, consolidated statement of changes in equity for the nine months ended September 30, 2021 and 2020, consolidated statement of cash flow, and the accompanying footnotes (including a summary of key accounting policies). It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the version of IAS 34 - "Interim Financial Reporting" approved and published by the Financial Supervisory Commission. Our responsibility as auditor is to form a conclusion based on our review.

Scope

Except for the issues discussed in the "Basis of reservation" paragraph, we, the auditors, have performed the review in accordance with Statement on Auditing Standards No. 65 - "Financial Statement Review." The procedures executed in our review of consolidated financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are therefore unable to provide an opinion.

Basis of reservation

As mentioned in Note IV.3 of the consolidated financial statements, some of the non-material subsidiaries were consolidated using financial statements for the corresponding periods that were not reviewed by CPAs. As at September 30, 2021 and 2020, these subsidiaries aggregately reported total assets of NT$362,261 thousand and NT$346,676 thousand that represented 6.51% and 6.94% of consolidated total assets, and total liabilities of NT$24,545 thousand and NT$31,969 thousand that represented 0.89% and 1.38% of consolidated total liabilities, respectively. These subsidiaries also reported total comprehensive income of NT$5,847 thousand, NT$12,756 thousand, NT$18,343 thousand and NT$34,144 thousand that represented 4.24%, 11.48%, 4.37% and 9.39% of consolidated total comprehensive income for the three months ended September 30, 2021 and 2020, nine months ended September 30, 2021 and 2020, respectively. Furthermore, information relating to the abovementioned subsidiaries, as disclosed in Note XIII of the consolidated financial statements, were not CPA-reviewed.

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Reservations

Based on the reports we have reviewed, we found that none of the material disclosures of the consolidated financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers or the version of IAS 34 - "Interim Financial Reporting" approved by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of Stark Technology Inc. and subsidiaries as at September 30, 2021 and 2020, or the consolidated financial performance for the three months ended September 30, and nine months ended September 30, 2021 and 2020 or consolidated cash flow for the nine months ended September 30, 2021 and 2020, except for the issues discussed in the "Basis of reservation" paragraph, where financial statements and information of non-material subsidiaries had yet to be reviewed by CPAs, and may cause adjustments to the consolidated financial statements.

Ernst & Young
Release of public company financial statements has been approved by the authority
Approval reference: (96)-Jin-Guan-Zheng-(VI)-0960002720
(103)-Jin-Guan-Zheng-Shen-1030025503

Hsu, Hsin-Min

CPA:

Cheng, Ching-Piao

October 29, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Stark Technology Inc. and Subsidiaries
Consolidated Balance Sheet
As at September 30, 2021, December 31, 2020, and September 30, 2020
(Information as at September 30, 2021 and 2020, were reviewed only, and not audited in accordance with generally accepted audit principles)

Unit: NTD thousands

Asset			September 30, 2021		December 31, 2020		September 30, 2020	
Code	Item	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	IV, VI.1 and XII	$ 1,255,135	23	$ 1,348,404	24	$ 1,284,930	26
1140	Contract assets - current	IV and VI.15 and VI.16	396,854	7	338,698	6	347,680	7
1150	Notes receivable, net	IV, VI.4, VI.16 and XII	1,660	-	2,829	-	2,762	-
1172	Accounts receivable	IV, VI.5, VI.16 and XII	423,383	8	630,958	11	316,932	6
1173	Instalment accounts receivable	IV, VI.5, VI.16 and XII	52,594	1	45,634	1	41,967	1
1200	Other receivables	XII	1,316	-	2,689	-	1,259	-
130x	Inventories	IV and VI.6	1,964,452	35	1,957,859	34	1,625,709	33
1410	Prepayments	IV and VI.7	535,340	10	462,614	8	445,879	9
1476	Other financial assets - current	IV, VIII and XII	9,633	-	8,433	-	8,665	-
1478	Refundable deposits-current	XII	115,860	2	113,305	2	104,789	2
1479	Other current assets		1,899	-	3,550	-	3,549	-
11xx	Total current assets		4,758,126	86	4,914,973	86	4,184,121	84
	Non-current assets							
1510	Financial assets at fair value through profit or loss - non-current	IV, VI.2 and XII	14,130	-	12,590	-	11,140	-
1517	Financial assets at fair value through other comprehensive income -non -current	IV, VI.3 and XII	101,377	2	92,570	2	76,286	2
1600	Property, plant and equipment	IV and VI.8	448,098	8	453,651	8	456,244	9
1755	Right-of-use assets	IV and VI.17	25,573	1	35,197	-	37,618	1
1780	Intangible asset	IV and VI.9	10,808	-	6,711	-	7,808	-
1840	Deferred income tax assets	IV and VI.21	18,590	-	22,851	-	17,548	-
1920	Refundable deposits- non-current	XII	104,549	2	102,292	2	96,050	2
1933	Long-term installment accounts receivable	IV, VI.5, VI.16 and XII	72,253	1	87,317	2	94,943	2
1980	Other financial assets - non-current	IV, VIII and XII	7,105	-	9,092	-	9,081	-
1990	Other non-current assets	VI.10	1,478	-	5,803	-	6,606	-
15xx	Total non-current assets		803,961	14	828,074	14	813,324	16
1xxx	Total assets		$ 5,562,087	100	$ 5,743,047	100	$ 4,997,445	100

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung　　Manager: Liang, Hsiu-Chung　　Head of Accounting: Tseng, Shu-Chen

Stark Technology Inc. and Subsidiaries (Continued)
Consolidated Balance Sheet
As at September 30, 2021, December 31, 2020, and September 30, 2020
(Information as at September 30, 2021 and 2020, were reviewed only, and not audited in accordance with generally accepted audit principles)

Unit: NTD thousands

Liabilities and equity			September 30, 2021		December 31, 2020		September 30, 2020	
Code	Item	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	IV, VI.11 and XII	$ 230,000	4	$ -	-	$ -	-
2130	Contract liabilities - current	IV and VI.15	1,256,078	23	1,229,208	21	1,030,814	21
2150	Notes payable	XII	21,453	-	2,746	-	736	-
2170	Accounts payable	XII	762,324	14	1,117,006	19	823,445	16
2200	Other payables	XII	221,575	4	268,272	5	206,104	4
2230	Current income tax liabilities	IV and VI.21	77,293	1	97,375	2	74,595	1
2250	Provisions	VI.12	24,177	1	42,171	1	27,026	1
2280	Lease liabilities - current	IV and VI.17	11,950	-	14,957	-	14,479	-
2399	Other current liabilities		62,350	1	36,149	1	28,960	1
21xx	Total current liabilities		2,667,200	48	2,807,884	49	2,206,159	44
	Non-current liabilities							
2570	Deferred income tax liabilities	IV and VI.21	51,567	1	47,489	1	46,146	1
2580	Lease liabilities - non-current	IV and VI.17	14,277	-	20,927	-	23,790	-
2640	Net defined benefit liabilities - non-current	IV	34,914	1	34,914	1	30,058	1
2645	Guarantee deposits	XII	3,113	-	2,821	-	3,187	-
25xx	Total non-current liabilities		103,871	2	106,151	2	103,181	2
2xxx	Total liabilities		2,771,071	50	2,914,035	51	2,309,340	46
31xx	Equity attributable to owners of the parent company	VI.14						
3100	Share capital							
3110	Ordinary share		1,063,603	19	1,063,603	19	1,063,603	21
3200	Capital surplus		166,514	3	166,514	3	166,514	4
3300	Retained earnings							
3310	Legal reserve		879,312	16	833,911	14	833,911	17
3320	Special reserve		144	-	62,079	1	62,079	1
3350	Unappropriated retained earnings		649,714	11	675,258	12	541,285	11
	Total retained earnings		1,529,170	27	1,571,248	27	1,437,275	29
3400	Other equity interests		31,729	1	27,647	-	20,713	-
3xxx	Total equity		2,791,016	50	2,829,012	49	2,688,105	54
	Total liabilities and equity		$ 5,562,087	100	$ 5,743,047	100	$ 4,997,445	100

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung Manager: Liang, Hsiu-Chung Head of Accounting: Tseng, Shu-Chen

Stark Technology Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the three months and nine months ended September 30, 2021 and 2020
(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NTD thousands

Code	Item	Notes	For the three months ended September 30, 2021		For the three months ended September 30, 2020		For the nine months ended September 30, 2021		For the nine months ended September 30, 2020	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue	IV and VI.15	$ 1,628,067	100	$ 1,334,795	100	$ 4,591,024	100	$ 3,968,879	100
5000	Operating cost	VI.6 and VI.18	(1,259,773)	(77)	(1,016,906)	(76)	(3,481,108)	(76)	(2,989,406)	(75)
5900	Operating margin		368,294	23	317,889	24	1,109,916	24	979,473	25
6000	Operating expenses	VI.17 and VI.18								
6200	Administrative expenses		(187,678)	(11)	(177,882)	(13)	(549,655)	(12)	(527,739)	(13)
6300	Research and development expenses		(22,414)	(2)	(23,576)	(2)	(68,882)	(1)	(68,206)	(2)
6450	Expected credit impairment (loss) reversal gain	VI.16	(40)	-	21	-	2,094	-	15,000	-
	Total operating expenses		(210,132)	(13)	(201,437)	(15)	(616,443)	(13)	(580,945)	(15)
6900	Operating income		158,162	10	116,452	9	493,473	11	398,528	10
7000	Non-operating income and expenses	VI.19								
7100	Interest income		3,084	-	2,320	-	7,338	-	8,338	-
7010	Other income		14,859	1	8,037	1	22,152	1	28,802	1
7020	Other gains and losses		(3,430)	-	(755)	-	1,408	-	4,234	-
7050	Finance costs		(562)	-	(300)	-	(921)	-	(1,452)	-
	Total non-operating income and expenses		13,951	1	9,302	1	29,977	1	39,922	1
7900	Income before income tax		172,113	11	125,754	10	523,450	12	438,450	11
7950	Income tax expenses	IV and VI.21	(34,968)	(2)	(9,391)	(1)	(107,988)	(3)	(78,274)	(2)
8200	Net income		137,145	9	116,363	9	415,462	9	360,176	9
8300	Other comprehensive income									
8310	Items not reclassified into profit or loss	VI.20								
8316	Unrealized gains (losses) on investments in equity instruments as at fair value through other comprehensive income		1,331	-	(10,318)	(1)	5,178	-	5,433	-
8360	Items likely to be reclassified into profit or loss	VI.20								
8361	Exchange differences on translation of foreign operations		(573)	-	5,079	-	(1,287)	-	(1,929)	-
	Other comprehensive income for the current period (net of income tax)		758	-	(5,239)	(1)	3,891	-	3,504	-
8500	Total comprehensive income for the period		$ 137,903	9	$ 111,124	8	$ 419,353	9	$ 363,680	9
8600	Net income attributable to:	VI.22								
8610	Owners of the parent company		$ 137,145		$ 116,363		$ 415,462		$ 360,176	
8620	Non-controlling interest		-		-		-		-	
			$ 137,145		$ 116,363		$ 415,462		$ 360,176	
8700	Comprehensive income attributable to:									
8710	Owners of the parent company		$ 137,903		$ 111,124		$ 419,353		$ 363,680	
8720	Non-controlling interest		-		-		-		-	
			$ 137,903		$ 111,124		$ 419,353		$ 363,680	
	Earnings per share (NTD)									
9750	Basic earnings per share									
9710	Net income	VI.22	$ 1.29		$ 1.10		$ 3.91		$ 3.39	
9850	Diluted earnings per share									
9810	Net income	VI.22	$ 1.28		$ 1.09		$ 3.89		$ 3.37	

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung　　Manager: Liang, Hsiu-Chung　　Head of Accounting: Tseng, Shu-Chen

Stark Technology Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the nine months ended September 30, 2021 and 2020
(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NTD thousands

		Equity attributable to owners of the parent company								
				Retained earnings			Other equity items			
Code	Item	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Total equity
		3100	3200	3310	3320	3350	3410	3420	31XX	3XXX
A1	Balance as at January 1, 2020	$ 1,063,603	$ 166,514	$ 781,998	$ 88,196	$ 759,497	$ (22,931)	$ (39,149)	$ 2,797,728	$ 2,797,728
	Appropriation and distribution of 2019 earnings									
B1	Appropriation of legal reserve	-	-	51,913	-	(51,913)	-	-	-	-
B3	Reversal of special reserve				(26,117)	26,117	-	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(473,303)	-	-	(473,303)	(473,303)
D1	Net income for the nine months ended September 30, 2020	-	-	-	-	360,176	-	-	360,176	360,176
D3	Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	(1,929)	5,433	3,504	3,504
D5	Total comprehensive income for the period	-	-	-	-	360,176	(1,929)	5,433	363,680	363,680
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(79,289)	-	79,289	-	-
Z1	Balance as at September 30, 2020	$ 1,063,603	$ 166,514	$ 833,911	$ 62,079	$ 541,285	$ (24,860)	$ 45,573	$ 2,688,105	$ 2,688,105
A1	Balance as at January 1, 2021	$ 1,063,603	$ 166,514	$ 833,911	$ 62,079	$ 675,258	$ (25,798)	$ 53,445	$ 2,829,012	$ 2,829,012
	Appropriation and distribution of 2020 earnings									
B1	Appropriation of legal reserve	-	-	45,401	-	(45,401)	-	-	-	-
B3	Reversal of special reserve	-	-	-	(61,935)	61,935	-	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(457,349)	-	-	(457,349)	(457,349)
D1	Net income for the nine months ended September 30, 2021	-	-	-	-	415,462	-	-	415,462	415,462
D3	Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	(1,287)	5,178	3,891	3,891
D5	Total comprehensive income for the period	-	-	-	-	415,462	(1,287)	5,178	419,353	419,353
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(191)	-	191	-	-
Z1	Balance as at September 30, 2021	$ 1,063,603	$ 166,514	$ 879,312	$ 144	$ 649,714	$ (27,085)	$ 58,814	$ 2,791,016	$ 2,791,016

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung　　Manager: Liang, Hsiu-Chung　　Head of Accounting: Tseng, Shu-Chen

Stark Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flow
For the nine months ended September 30, 2021 and 2020
(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NTD thousands

Code	Item	For the nine months ended September 30, 2021 Amount	For the nine months ended September 30, 2020 Amount
AAAA	Cash flow from operating activities:		
A10000	Income before income tax	$ 523,450	$ 438,450
A20000	Adjustments:		
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	26,103	24,888
A20200	Amortization expenses	5,521	2,132
A20300	Expected credit impairment reversal gain	(2,094)	(15,000)
A20400	Net gain on financial assets or liabilities at fair value through profit or loss	(1,540)	(1,140)
A20900	Interest expense	921	1,452
A21200	Interest income	(7,338)	(8,338)
A21300	Dividend income	(2,986)	(4,544)
A22500	Loss (gain) on disposal of property, plant and equipment	2	(124)
A31000	Changes in assets/liabilities that are related to operating activities:		
A31125	Contract assets	(59,080)	(88,569)
A31130	Notes receivable	1,169	3,219
A31150	Accounts receivable	221,788	173,811
A31180	Other receivables	1,414	382
A31200	Inventories	(7,824)	(158,105)
A31230	Prepayments	(72,726)	(81,851)
A31240	Other current assets	1,651	(262)
A32125	Contract liabilities - current	26,870	99,728
A32130	Notes payable	18,707	161
A32150	Accounts payable	(354,682)	55,392
A32180	Other payables	(46,742)	(60,322)
A32200	Provisions	(17,994)	4,082
A32230	Other current liabilities	26,201	6,279
A33000	Cash inflow from operations	280,791	391,721
A33100	Interests received	4,205	3,104
A33200	Dividend received	2,986	4,544
A33300	Interests paid	(389)	(1,094)
A33500	Income tax paid	(119,731)	(47,765)
AAAA	Net cash inflow from operating activities	167,862	350,510

Code	Item	For the nine months ended September 30, 2021 Amount	For the nine months ended September 30, 2020 Amount
BBBB	Cash flow from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(3,724)	(4,788)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	30,391
B00030	Capital reduction of financial assets at fair value through other comprehensive income	95	-
B00100	Acquisition of financial assets at fair value through profit or loss	-	(10,000)
B02700	Acquisition of property, plant and equipment	(6,369)	(13,563)
B02800	Disposal of property, plant and equipment	4	666
B03700	Increase in Refundable deposits	(4,812)	(11,030)
B04500	Acquisition of intangible assets	(9,618)	(3,924)
B06600	Decrease in other current financial assets	787	297
B06800	Decrease (increase) in other non-current assets	4,325	(180)
BBBB	Net cash outflow from investing activities	(19,312)	(12,131)
CCCC	Cash flow from financing activities:		
C00200	Increase (decrease) in short-term loans	230,000	(130,190)
C03000	Increase (decrease) in guarantee deposits	292	(1,840)
C04020	Repayment of lease principal	(13,458)	(13,407)
C04500	Distribution of cash dividends	(457,349)	(473,303)
CCCC	Net cash outflow from financing activities	(240,515)	(618,740)
DDDD	Effect of exchange rate variation on cash and cash equivalents	(1,304)	(1,886)
EEEE	Net decrease in cash and cash equivalents for the current period	(93,269)	(282,247)
E00100	Cash and cash equivalents, beginning of period	1,348,404	1,567,177
E00200	Cash and cash equivalents, end of period	$ 1,255,135	$ 1,284,930

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung Manager: Liang, Hsiu-Chung Head of Accounting: Tseng, Shu-Chen

Stark Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the nine months ended September 30, 2021 and 2020
(Reviewed only; not audited in accordance with generally accepted audit principles)
(All amounts in NTD thousands unless otherwise specified)

I. Organization and Operations

Stark Technology Inc. (the "Company") was incorporated on March 24, 1993. Its main business activities include distribution and maintenance of computers and peripherals; research, design, development, and sale of computer software/hardware, computer system design, and import/export trade for the Company's own products.

Shares of the Company have been listed for trading on "Taiwan Stock Exchange Corporation" since September 2001. The Company's place of registration and main business location is 12F-1, No. 83, Section 2, Dongda Road, Hsinchu City.

II. Financial Statement Approval Date and Procedures

Consolidated financial statements of the Company and subsidiaries (collectively referred to as the "Group") for the nine months ended September 30, 2021 and 2020, were approved by the board of directors on October 29, 2021.

III. Application of new standards, amendments, and interpretations

1. Change of accounting policy resulting from first-time adoption of International Financial Reporting Standards (IFRS)

   The Group has adopted the version of IFRS, IAS, IFRIC and interpretations thereof that approved and effected by Financial Supervisory Commission (FSC) for accounting periods on and after January 1, 2021. First-time adoption of the new standards and amendments has had no material impact on the Group.

2. The Group has not adopted the following IASB-announced and FSC-approved new standards, amendments, guidance, and interpretation:

(All amounts in NTD thousands unless otherwise specified)

Item No.	New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
1	Narrow-scope amendments to IFRSs, including amendments to IFRS 3, IAS 16, and IAS 37 and annual improvements	January 1, 2022

(1) Narrow-scope amendments to IFRSs, including amendments to IFRS 3, IAS 16, and IAS 37 and annual improvements

A. Updating a Reference to the Conceptual Framework (IFRS 3 amendment)
This amendment supersedes old references of conceptual framework for financial reporting, and updates IFRS 3 with the latest references announced in March 2018. The amendment also introduces one exception to the recognition principles that can be adopted to avoid "second day" gains or losses from liabilities or contingent liabilities. Furthermore, the amendment clarifies existing references for contingent assets that are not affected by the superseding reference.

B. Property, Plant and Equipment: Proceeds before Intended Use (IAS 16 amendment)
This amendment aims to prohibit enterprises from deducting the proceeds from the cost of property, plant and equipment for items generated from such assets reaching the intended use. On the contrary, enterprises shall account for such sales proceeds and associated costs in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (IAS 37 amendment)
This amendment clarifies how onerous contract is determined, and the amount of cost to be recognized.

D. IFRS improvements for years 2018-2020

Amendments to IFRS 1
This amendment simplifies measurement of aggregate adjustment under IFRS 1 when a subsidiary adopts IFRS for the first time after its parent company.

Amendments to IFRS 9 - "Financial Instruments"
This amendment clarifies the fees to be included when assessing material differences between existing and new financial liabilities, in the case of new contract clause or modification to existing clauses.

Amendments to interpretations of IFRS 16 - "Leases"

(All amounts in NTD thousands unless otherwise specified)

This amendment addresses how a lessee should account for leasehold improvement incentives in Example 13.

Amendments to IAS 41
This amendment removes a requirement to exclude cash flows from taxation when measuring fair value, so that the fair value measurement rules stated in IAS 41 are consistent with other IFRSs.

The above is the newly issued, revised and amended standards or interpretations that have been issued by the International Accounting Standards Board, approved by the Financial Supervisory Commission and applicable for fiscal years after January 1, 2022. They have no significant impact on the Group.

3. As of the publication date of financial statements, the Group had not adopted the following IASB-announced new standards, amendments, guidance, and interpretation that were not approved by FSC:

Item No.	New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
1	Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	To be determined by International Accounting Standards Board
2	IFRS 17, “Insurance Contracts”	January 1, 2023
3	Classification of Liabilities as Current or Non-current (IAS 1 amendment)	January 1, 2023
4	Disclosure initiative - Accounting policies (IAS 1 amendment)	January 1, 2023
5	Definition of Accounting Estimates (IAS 8 amendment)	January 1, 2023
6	Deferred income tax related to assets and liabilities arising from a single transaction (Amendment to IAS No. 12)	January 1, 2023

(1) Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

This amendment is intended to address the inconsistent treatments between IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" in cases where a company loses control in a subsidiary when ownership of that subsidiary is offered as consideration for investing into an associated company or joint venture. IAS 28 states that, when a company contributes non-monetary asset in exchange for equity interest in an associated company or joint venture, the transaction shall be treated as a downstream transaction and any share of gains or losses that arises as a result is eliminated. IFRS 10, however, requires the entirety of gains or losses to be recognized when a company loses control in a subsidiary. This amendment limits the IAS 28 treatment mentioned above, and requires all gains or losses to be recognized when the assets sold or contributed constitute a business defined under IFRS 3.

Meanwhile, IFRS 10 was amended so that, when an investor sells or contributes a subsidiary that does not constitute a business defined under IFRS 3 with its associated company or joint venture, gains or losses that arise as a result shall be recognized only for the share that is not attributed to the investor.

(2) IFRS 17, “Insurance Contracts”

This standard provides a comprehensive model for the treatment of insurance contracts, including accounting practices (from recognition, measurement, presentation to disclosure). The standard uses a general model at its core, and under this model, a group of insurance contracts shall be recognized at initiation as the sum of fulfillment cash flows and contractual service margin; thereafter, book value for the group of insurance contracts shall be presented as the sum of liability for remaining coverage and liability for incurred claims as at each balance sheet date.

In addition to the general model, the standard also introduces treatment for insurance contract with direct participation features (the Variable Fee Approach) and simplified approach for short-term contracts (the Premium Allocation Approach).

This standard was first published in May 2017 and later amended in June 2020, which postponed the effective date stated in the transition clause by 2 years (from January 1, 2021 to January 1, 2023), introduced additional exemptions, and reduced cost of adoption through the simplified approach. The amendment also made some circumstances easier to interpret. This standard will supersede the transitional standard (i.e. IFRS 4 - "Insurance Contracts") once effected

(3) Classification of Liabilities as Current or Non-current (IAS 1 amendment)

This amendment concerns the classification of liabilities between current and non-current, as stated in paragraphs 69-76 of IAS 1 - "Presentation of Financial Statements."

(4) Disclosure initiative - Accounting policies (IAS 1 amendment)

This amendment is intended to improve disclosure of accounting policy, and provide more useful information to investors and other financial statement users.

(5) Definition of Accounting Estimates (IAS 8 amendment)

This amendment directly defines an accounting estimate, and introduces other amendments to IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" to help businesses distinguish between change of accounting policy and change of accounting estimate.

(6) Deferred income tax related to assets and liabilities arising from a single transaction (Amendment to IAS No. 12)

This amendment restricts the scope of the deferred income tax recognition exemption in paragraphs 15 and 24 of IAS No. 12 "Income Tax". The exemption does not apply to transactions that produce the same amount of taxable and deductible temporary differences at the time of original recognition.

All above standards and interpretations announced by IASB but not yet approved by FSC shall become effective on dates announced by FSC. The Group is currently evaluating the potential impacts of newly announced/amended standards and interpretations listed in (1), and is unable to provide reasonable estimate of how the above standards or interpretations may affect the Group. Aside from the above, other newly announced/amended standards and interpretations have no material impact on the Group.

IV. Summary of Significant Accounting Policies

1. Compliance statement

The consolidated financial statements for the nine months ended September 30, 2021 and 2020, have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC-approved IAS 34 - "Interim Financial Reporting."

2. Basis of Preparation

The consolidated financial statements have been prepared based on historical cost, except for financial instruments carried at fair value. Unless otherwise specified, all amounts in the consolidated financial statements are presented in NTD thousands.

3. Consolidation overview

Basis of preparation for consolidated financial statements

The Company is considered to exercise control if it is exposed or entitled to variable returns generated by an investee and has the power to influence such return through control over the investee. Specifically, the Group considers itself to exercise control over an investee when all three conditions below are satisfied:

(1) Power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee)
(2) Exposure or entitlement to variable returns due to involvement in the investee's operation, and
(3) Ability to influence returns by exercising authority over the investee

If the Company directly or indirectly holds less-than-majority voting rights (or rights of similar nature) in an investee, the Company would evaluate whether it has power over the investee after taking into consideration all relevant facts and circumstances, including:

(1) Agreement with other voting right holders in the investee
(2) Power given rise through other agreement
(3) Voting rights and potential voting rights

When facts or circumstances indicate change in one or several of the three control elements above, the Company would immediately evaluate whether it still exercises control over the investee.

A subsidiary is consolidated into the consolidated financial statements from the day of acquisition (i.e. the day the Company gains control), until the day control is lost on the subsidiary. All subsidiaries adopt accounting periods and accounting policies that align with those of the parent company. All intra-group account balances, transactions, dividends, and unrealized gains or losses on intra-group transactions are eliminated upon consolidation.

Changes in shareholding of subsidiary without losing control are treated as equity transactions.

Total comprehensive income produced by subsidiaries is divided into amounts that are attributable to owners of the Company and amounts that are attributable to non-controlling shareholders, even if the allocation would put non-controlling equity in negative balance.

When the Company loses control in a subsidiary

(1) All assets (including goodwill) and liabilities of the subsidiary are removed;
(2) Book value of any non-controlling equity is removed;
(3) Fair value of consideration received is recognized;
(4) Fair value of any investment retained is recognized;
(5) Any gains or losses are recognized in current profit or loss;
(6) Amounts previously recognized by the parent company as other comprehensive income are reclassified into current profit or loss;

(All amounts in NTD thousands unless otherwise specified)

This consolidated financial statement encompasses the following:

Name of the investor	Name of subsidiary	Main business activities	Ownership percentage		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	Stark Technology Inc. (USA)	Trading of computer-related products	100%	100%	100%
The Company	Pacific Ace Holding International Ltd.	General investment	100%	100%	100%
The Company	SRAIN Investment Co., Ltd.	General investment	100%	100%	100%
The Company	Stark Information (Hong Kong) Limited (Note)	Trading of computer equipment and software	100%	-	-
SRAIN Investment Co., Ltd.	S-Rain Investment Ltd.	General investment	100%	100%	100%
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Trading of computer-related products	100%	100%	100%
S-Rain Investment Ltd.	Shanghai Stark Technology Inc.	General electronics trading	100%	100%	100%
Pacific Ace Holding International Ltd.	Profit Reap International Limited	General investment	100%	100%	100%
Profit Reap International Limited	STARK (Ningbo) Technology Inc.	General electronics trading	100%	100%	100%

Note: Stark Information (Hong Kong) Limited was registered on January 14, 2021.

Some of the non-material subsidiaries listed above were consolidated into the consolidated financial statements using financial statements that were not reviewed by CPAs. As at September 30, 2021 and 2020, these subsidiaries aggregated reported total assets of NT$362,261 thousand and NT$346,676 thousand and total liabilities of NT$24,545 thousand and NT$31,969 thousand, respectively; whereas comprehensive income (loss) for the three months ended September 30, 2021 and 2020 totaled NT$5,847 thousand and NT$12,756 thousand, respectively and nine months ended September 30, 2021 and 2020 totaled NT$18,343 thousand and NT$34,144 thousand, respectively.

4. Except for the accounting policies stated in Note IV.5 to 6, consolidated financial statements for the nine months ended September 30, 2021 were prepared using the same accounting policies as those of 2020. Please refer to the Group's 2020 consolidated financial statements for summary of other significant accounting policies.

(All amounts in NTD thousands unless otherwise specified)

5. Interim retirement costs are calculated from the beginning until the end of the interim period using the actuarial pension cost rate determined at the end of the previous year, and adjusted for major market changes, plan curtailments, settlements and other one-time events that took place in the current period.

6. Income taxes for the interim period are accrued and disclosed using tax rate applicable for the Company's expected total earnings for the given year, or in other words, by applying the estimated average effective tax rate for the whole year to pre-tax profit for the interim period. Estimation of average annual effective tax rate only includes income tax expense for the current period; interim deferred income taxes are recognized and measured in the same manner as annual financial report, which follows IAS 12 - "Income Taxes." If tax rate changes in the interim period, the effect on deferred income tax is recognized in profit or loss, other comprehensive income, or directly through equity in one lump sum.

V. Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

Consolidated financial statements for the nine months ended September 30, 2021 were prepared using the same significant accounting judgments, estimates, and assumptions as those of 2020. Please refer to the Group's 2020 consolidated financial statements for details.

VI. Notes to Major Accounts

1. Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash	$196	$198	$198
Demand and check deposit	1,061,431	1,175,524	1,132,968
Time deposit	193,508	172,682	151,764
Total	$1,255,135	$1,348,404	$1,284,930

2. Financial assets at fair value through profit or loss

	September 30, 2021	December 31, 2020	September 30, 2020
Equity instruments at fair value through profit or loss - non-current:			
Fund	$14,130	$12,590	$11,140

(All amounts in NTD thousands unless otherwise specified)

(1) The Group acquired 1 million units of Yuanta Taiwan High-yield Leading Company Fund in March 2020 at a cost of NT$10,000 thousand.

(2) None of the Group's financial assets at fair value through profit or loss was placed as collateral.

3. Financial assets at fair value through other comprehensive income

	September 30, 2021	December 31, 2020	September 30, 2020
Equity instruments at fair value through other comprehensive income - non-current:			
TWSE/TPEX listed shares	$85,264	$78,407	$69,123
Unlisted shares	16,113	14,163	7,163
Total	$ 101,377	$92,570	$76,286

(1) The Group subscribed to the cash issue of LOLA Technology Inc. in October 2020, and acquired 700 thousand shares at a cost of NT$7,000 thousand.

(2) The Group sold shares of SYSAGE Technology Co., Ltd., a TWSE-listed company presented as financial assets at fair value through other comprehensive income, in 2020 as part of its investment strategy. Proceeds from the disposal amounted to NT$24,727 thousand, and unrealized gain on valuation totaling NT$11,570 thousand that the instrument had accumulated up until the time of disposal were reclassified from other equity item to retained earnings.

(3) The Group sold shares of GENIRON.COM Inc., an unlisted company presented as financial assets at fair value through other comprehensive income, in 2020 as part of its investment strategy. Proceeds from the disposal amounted to NT$6,795 thousand, and unrealized gain on valuation totaling NT$599 thousand that the instrument had accumulated up until the time of disposal were reclassified from other equity item to retained earnings.

(4) The Group held shares of Solar PV Corp., an unlisted company, that underwent and completed liquidation procedures in 2020. Unrealized loss on valuation totaling NT$90,990 thousand that the instrument had accumulated up until the time of disposal

were reclassified from other equity item to retained earnings.

(5) The Group subscribed to the cash issue of ITEQ Corporation in 2020, and acquired 40 thousand shares at a cost of NT$4,444 thousand.

(6) The Group recognized NT$2,986 thousand and NT$4,544 of dividend income for the nine months ended September 30, 2021 and 2020, respectively from equity instruments at fair value through other comprehensive income held in possession. This income was related to investments that remained in possession as of the balance sheet date.

(7) The Group recognized NT$4,555 thousand of dividend income in 2020 from equity instruments at fair value through other comprehensive income held in possession. This income was related to investments that remained in possession as at the balance sheet date.

(8) The Group acquired 47 thousand shares of Zero One Technology Co., Ltd., a TWSE-listed company, in the first quarter of 2021, at a cost of NT$1,775 thousand.

(9) The Group held shares of Energy Trend Co., Ltd that underwent and completed the liquidation procedures on March 8, 2021. The Group obtained the share capital of NT$95 thousand and the dividend income of NT$8 thousand from the distribution of its remaining surplus, and transferred the unrealized evaluation loss of NT$191 thousand accumulated at the time of disposal from other equity to retained earnings.

(10) The Group acquired 195 thousand shares of Cloud Intelligent Operation, an unlisted company, in the third quarter of 2021, at a cost of NT$1,950 thousand.

(11) None of the Group's financial assets at fair value through other comprehensive income was placed as collateral.

(All amounts in NTD thousands unless otherwise specified)

4. Notes receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable - arising from business activities	$1,660	$2,829	$2,762
Less: loss provisions	-	-	-
Net amount	$1,660	$2,829	$2,762

None of the Group's notes receivables was placed as collateral.

The Group assesses impairment according to IFRS 9. Please see Note VI.16 for information on loss provisions and Note XII for credit risk-related information.

5. Accounts receivable and instalment accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	$431,280	$642,614	$320,579
Instalment accounts receivable	141,315	152,512	158,014
Less: Unrealized interest income - instalment accounts receivable	(9,419)	(12,511)	(14,055)
Subtotal (total book value)	563,176	782,615	464,538
Less: loss provisions	(14,946)	(18,706)	(10,696)
Total	$548,230	$763,909	$453,842

Expected recovery of instalment accounts receivable is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
No more than 1 year	$64,952	$58,598	$55,233
1 to 2 years	43,598	37,142	36,579
2 years and above	32,765	56,772	66,202
Total	$141,315	$152,512	$158,014

(All amounts in NTD thousands unless otherwise specified)

None of the Group's accounts receivable was placed as collateral. Credit terms granted to customers are generally 30 days to 120 days after the end of the month of acceptance inspection.

The Group had accounts receivable and instalment accounts receivable balance outstanding at NT$563,176 thousand on September 30, 2021, NT$782,615 thousand on December 31, 2020, and NT$464,538 thousand on September 30, 2020. See Note VI.16 for information on loss provisions and Note XII for credit risk-related information.

6. Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Net inventory - merchandise	$1,964,452	$1,957,859	$1,625,709

(1) Cost of inventory, consultation, and maintenance recognized as expenses for the three months ended September 30, 2021 and 2020 were NT$1,259,773 thousand and NT$1,016,906 thousand respectively. These amounts included NT$1,808 thousand and NT$571 thousand of gain on reversal of inventory devaluation and obsolescence for the three months ended September 30, 2021 and 2020, respectively.

(2) Cost of inventory, consultation, and maintenance recognized as expenses for the nine months ended September 30, 2021 and 2020 were NT$3,481,108 thousand and NT$2,989,406 thousand respectively. These amounts included NT$2,976 thousand and NT$3,948 thousand of gain on reversal of inventory devaluation and obsolescence for the nine months ended September 30, 2021 and 2020, respectively.

(3) The reversal gains were due to sale of inventories that were previously considered as devalued or obsolete, and were treated as reduction to the cost of sale. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had provisions on inventory devaluation outstanding at NT$2,097 thousand, NT$5,074 thousand and NT$5,602 thousand, respectively.

(4) None of the above inventory was pledged as collateral.

(All amounts in NTD thousands unless otherwise specified)

7. Prepayments

	September 30, 2021	December 31, 2020	September 30, 2020
Prepaid purchases	$471,823	$402,094	$378,425
Other prepaid expenses	63,517	60,520	67,454
Total	$535,340	$462,614	$445,879

8. Property, plant and equipment

	September 30, 2021	December 31, 2020	September 30, 2020
Owner-occupied property, plant and equipment	$448,098	$453,651	$456,244

Notes to Consolidated Financial Statements of Stark Technology Inc. and Subsidiaries (Continued)
(All amounts in NTD thousands unless otherwise specified)

	Land	Buildings	Transportation equipment	Office equipment	Lease improvements	Other equipment	Total
Cost:							
January 1, 2021	$291,892	$202,098	$4,004	$45,759	$5,796	$323	$549,872
Additions	-	567	1,119	4,649	34	-	6,369
Disposals	-	(684)	(298)	(4,197)	-	-	(5,179)
Reclassification	-	-	-	994	-	255	1,249
Effects of exchange rate change	-	-	(5)	(1)	-	-	(6)
September 30, 2021	$291,892	$201,981	$4,820	$47,204	$5,830	$578	$552,305
January 1, 2020	$291,892	$204,388	$4,848	$31,394	$5,711	$2,754	$540,987
Additions	-	858	-	12,620	85	-	13,563
Disposals	-	(3,253)	(790)	(1,816)	-	(2,431)	(8,290)
Reclassification	-	-	-	2,389	-	-	2,389
Effects of exchange rate change	-	-	(31)	-	-	-	(31)
September 30, 2020	$291,892	$201,993	$4,027	$44,587	$5,796	$323	$548,618
Depreciation and impairment:							
January 1, 2021	$-	$69,264	$3,031	$21,582	$2,166	$178	$96,221
Depreciation	-	4,029	269	8,044	726	97	13,165
Disposals	-	(684)	(292)	(4,197)	-	-	(5,173)
Effects of exchange rate change	-	-	(5)	(1)	-	-	(6)
September 30, 2021	$-	$72,609	$3,003	$25,428	$2,892	$275	$104,207
January 1, 2020	$-	$67,279	$3,209	$14,418	$1,204	$2,150	$88,260
Depreciation	-	3,979	337	6,411	720	446	11,893
Disposals	-	(3,253)	(527)	(1,537)	-	(2,431)	(7,748)
Effects of exchange rate change	-	-	(30)	(1)	-	-	(31)
September 30, 2020	$-	$68,005	$2,989	$19,291	$1,924	$165	$92,374
Net book value:							
September 30, 2021	$291,892	$129,372	$1,817	$21,776	$2,938	$303	$448,098
December 31, 2020	$291,892	$132,834	$973	$24,177	$3,630	$145	$453,651
September 30, 2020	$291,892	$133,988	$1,038	$25,296	$3,872	$158	$456,244

(All amounts in NTD thousands unless otherwise specified)

The Group did not capitalize any interest for the nine months ended September 30, 2021 and 2020.

Major components of buildings include: main structure, air conditioning, and renovation, which are depreciated over useful lives of 51-56 years, 6 years, and 6 years, respectively.

None of the above property, plant and equipment was pledged as collateral.

9. Intangible asset

	Computer software
Cost:	
January 1, 2021	$12,470
Addition - acquisition by separate purchase	9,618
Addition – internal transfer	-
Reduction - removal in the current period	(1,762)
September 30, 2021	$20,326
January 1, 2020	$8,045
Addition - acquisition by separate purchase	3,924
Addition – internal transfer	486
Reduction - removal in the current period	-
September 30, 2020	$12,455
Amortization and impairment:	
January 1, 2021	$5,759
Reduction - removal in the current period	(1,762)
Amortization	5,521
September 30, 2021	$9,518
January 1, 2020	$2,515
Reduction - removal in the current period	-
Amortization	2,132
September 30, 2020	$4,647
Net book value:	
September 30, 2021	$10,808
December 31, 2020	$6,711
September 30, 2020	$7,808

(All amounts in NTD thousands unless otherwise specified)

Amortization amount of intangible assets:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating cost	$-	$-	$-	$-
Administrative expenses	$3,284	$838	$5,518	$2,129
Research and development expenses	$1	$2	$3	$3

10. Other non-current assets

	September 30, 2021	December 31, 2020	September 30, 2020
Other non-current assets - others	$1,478	$5,803	$6,606

11. Short-term loans

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	$230,000	$-	$-
Interest rate range	0.85%~1%	-%	-%

The Group had undrawn short-term credit facilities of NT$1,997,823 thousand, NT$2,141,519 thousand, and NT$2,354,862 thousand as at September 30, 2021, December 31, 2020, and September 30, 2020, respectively.

12. Provisions

	Warranty	
	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Beginning of period	$42,171	$22,944
Additions in the current period	25,370	20,594
Utilization in the current period	(5,399)	(6,189)
Reversals in the current period	(37,965)	(10,323)
End of the period	$24,177	$27,026

Warranty

This provision was made by estimating future product warranty claims, which involved use of historical experience, the management's judgment and other known factors.

13. Retirement benefit plans

Defined Contribution Plans

The Group recognized pension expenses related defined contribution plan for the three months ended September 30, 2021 and 2020 were NT$6,867 thousand and NT$6,721 thousand respectively; the amounts of recognized pension expenses related defined contribution plan for the nine months ended September 30, 2021 and 2020 were NT$20,641 thousand and NT$20,248 thousand respectively.

Defined Benefit Plans

The Group recognized pension expenses related defined benefit plan for the three months ended September 30, 2021 and 2020 were NT$2,823 thousand and NT$2,027 thousand respectively; the amounts of recognized pension expenses related defined benefit plan for the nine months ended September 30, 2021 and 2020 were NT$8,173 thousand and NT$6,107 thousand respectively.

14. Equity

(1) Ordinary share

The Company had authorized capital of NT$3,400,000 thousand (20,000 thousand shares of which were reserved for the exercise of employee warrants) as at September 30, 2021, December 31, 2020, and September 30, 2020. Each share carries a face value of NT$10 and can be issued in multiple offerings. Paid-up capital amounted to NT$1,063,603 thousand and outstanding shares totaled 106,360 thousand on all three dates. Each share is entitled to one voting right and the right to receive dividends.

(All amounts in NTD thousands unless otherwise specified)

(2) Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
Premium on consolidation	$148,259	$148,259	$148,259
Premium on conversion of convertible bonds	18,255	18,255	18,255
Total	$166,514	$166,514	$166,514

According to regulations, capital surplus can not be used for any purpose other than reimbursing previous losses. If the Company has no cumulative losses, capital surpluses that arise from shares issued at premium and gifts received may be capitalized into share capital, up to a certain percentage of paid-in capital per year; these capital surpluses may also be distributed in cash among shareholders at the current ownership percentage.

(3) Earnings appropriation and dividend policy

According to the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve (unless legal reserves have accumulated to an amount equal to share capital). Any surpluses remaining shall then be subject to provision or reversal of special reserve, as the laws may require. The residual balance can then be added to unappropriated earnings carried from previous years and retained or distributed to shareholders as a form of profit sharing, subject to resolution in a shareholder meeting.

Shareholders' profit sharing can be paid in cash or shares; however, the cash portion shall be no less than 10% of total dividends.

The Company operates in the high-tech industry and is susceptible to the industry's enterprise life cycle. Dividends shall be allocated after taking into consideration several factors including: current and future investment environment, capital requirement, domestic/foreign competition, capital budget, shareholders' expectations, balanced dividends, and the Company's long-term financial plan. Dividend distribution plans are to be proposed by the board of directors and presented for final resolution in shareholder meeting on a yearly basis.

(All amounts in NTD thousands unless otherwise specified)

The Company will be required to provide additional special reserves to make up for the shortfall between the balance of special reserves provided during the first-time adoption of IFRS and the net balance of other contra equity items in years it decides to distribute available earnings. If there is any subsequent reversal of the net decrease in other equity, the reversed part of the net decrease in other equity may be reversed to the special reserve, and be distributed to investors.

In accordance with the order via a letter issued by the FSC on March 31, 2021 referenced Jin-Guan-Zheng-Fa No. 1090150022, if the International Financial Reporting Standards is adopted for the first time, for the unrealized revaluation value addition and cumulative translation adjustment (benefit) in the account which are transferred to retained earnings due to the adoption of the exemption item of IFRS 1 "First Adoption of IFRS" on the conversion date, a special reserve shall be allocated. Subsequently, when the company uses, disposes of, or reclassifies the relevant assets, it may reverse the proportion of the original special reserve for distribution of earnings.

As at September 30, 2021, the Company had NT$144 thousand of special reserve that were provided due to first-time adoption of IFRS.

The Company's 2020 and 2019 earnings appropriation proposal and dividends per share were proposed and resolved during the board of directors meeting held on July 9, 2021 and the annual general meeting held on May 28, 2020 respectively. Details are as presented below:

	Earnings appropriation plan		Dividends per share (NTD)	
	2020	2019	2020	2019
Legal reserve	$45,401	$51,913		
Special reserve	(61,935)	(26,117)		
Cash dividends on ordinary shares	457,349	473,303	$4.30	$4.45

Please refer to Note VI.18 for the amount of employee remuneration and director remuneration recognized and the basis of estimation.

(4) Non-controlling interests: None.

(All amounts in NTD thousands unless otherwise specified)

15. Operating revenue

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenues from sale of merchandise	$1,144,264	$966,056	$3,186,368	$2,878,780
Revenues from rendering of service	482,062	366,546	1,399,489	1,079,617
Other operating revenues	1,741	2,193	5,167	10,482
Total	$1,628,067	$1,334,795	$4,591,024	$3,968,879

Information relating to revenue from contracts with customers for the nine months ended September 30, 2021 and 2020 were as below:

(1) Breakdown of revenue

	Operating segment			
	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Sales of merchandise	$1,144,264	$966,056	$3,186,368	$2,878,780
Rendering of service	482,062	366,546	1,399,489	1,079,617
Others	1,741	2,193	5,167	10,482
Total	$1,628,067	$1,334,795	$4,591,024	$3,968,879
Timing of revenue recognition:				
At a point in time	$1,146,005	$968,249	$3,191,535	$2,889,262
Over time	482,062	366,546	1,399,489	1,079,617
Total	$1,628,067	$1,334,795	$4,591,024	$3,968,879

(All amounts in NTD thousands unless otherwise specified)

(2) Contract balance

A. Contract assets - current

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Sales of merchandise and rendering of service	$410,302	$351,222	$360,230	$271,661
Less: loss provisions	(13,448)	(12,524)	(12,550)	(11,898)
Total	$396,854	$338,698	$347,680	$259,763

Major changes in the balance of contract assets for the nine months ended September 30, 2021 and 2020 are explained below:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Amount of beginning balance reclassified into accounts receivable in the current period	$(321,970)	$(243,432)
Changes were measured based on level of completion	$381,050	$332,001

The Group assesses impairment according to IFRS 9. Please see Note VI.16 for information on loss provisions and Note XII for credit risk-related information.

B. Contract liabilities - current

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Sales of merchandise and rendering of service	$1,256,078	$1,229,208	$1,030,814	$931,086

(All amounts in NTD thousands unless otherwise specified)

Major changes in the balance of contract liabilities for the nine months ended September 30, 2021 and 2020 are explained below:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Amount of beginning balance reclassified into revenue in the current period	$(887,761)	$(587,728)
Current increase in advanced receipt (less amounts incurred and reclassified into revenue in the current period)	$914,631	$687,456

(3) Allocation of transaction price into unfulfilled contractual obligations

As at September 30, 2021, the Group had allocated NT$5,363,829 thousand of transaction price into unfulfilled (including partially fulfilled) contractual obligations; 36.13% of which are expected to be recognized as revenue in 2021, whereas the remainder will be recognized as revenue on and after 2022.

(4) Assets recognized from costs of acquiring and fulfilling customer contracts

None.

16. Expected credit impairment (loss) reversal gain

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating expenses - expected credit impairment (loss) reversal gain				
Contract assets	$715	$20	$(7)	$1,366
Accounts receivable	(755)	1	2,101	13,634
Total	$(40)	$21	$2,094	$15,000

(All amounts in NTD thousands unless otherwise specified)

Please see Note XII for credit risk-related information.

All of the Group's contract assets and accounts receivable (including notes receivable, accounts receivable, and instalment accounts receivable) have loss provisions measured based on Lifetime expected credit losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow (prospective information). For short-term receivables, however, credit loss is not measured using present value difference as the effect of discounting is insignificant. Loss provisions as at September 30, 2021, December 31, 2020, and September 30, 2020 are explained below:

Contract assets and accounts receivables are divided into groups based on counterparties' credit rating, location, and industry, and a provision matrix is used to measure loss provisions. Relevant details are presented below:

September 30, 2021

Group 1	Not past due	Past due					
	(Note 1)	Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$789,906	$107,771	$20,377	$15,966	$12,850	$9,389	$956,259
Loss ratio	1.1%	0.7%	0.5%	0.5%	0.9%	1.2%	
Lifetime expected credit losses	(8,333)	(766)	(103)	(82)	(117)	(114)	(9,515)
Net amount	$781,573	$107,005	$20,274	$15,884	$12,733	$9,275	$946,744

Group 2 (Note 2)	Not past due	Past due					
	(Note 1)	Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$12,909	$-	$-	$-	$-	$5,970	$18,879
Loss ratio	100%	-	-	-	-	100%	
Lifetime expected credit losses	(12,909)	-	-	-	-	(5,970)	(18,879)
Net amount	$-	$-	$-	$-	$-	$-	$-

(All amounts in NTD thousands unless otherwise specified)

December 31, 2020

Group 1	Not past due	Past due					
	(Note 1)	Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$974,799	$82,199	$27,313	$9,279	$2,891	$18,950	$1,115,431
Loss ratio	0.9%	0.7%	0.5%	0.5%	0.9%	2.0%	
Lifetime expected credit losses	(8,843)	(561)	(147)	(46)	(25)	(373)	(9,995)
Net amount	$965,956	$81,638	$27,166	$9,233	$2,866	$18,577	$1,105,436

Group 2 (Note 2)	Not past due	Past due					
	(Note 1)	Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$12,909	$-	$-	$-	$-	$8,326	$21,235
Loss ratio	100%	-	-	-	-	100%	
Lifetime expected credit losses	(12,909)	-	-	-	-	(8,326)	(21,235)
Net amount	$-	$-	$-	$-	$-	$-	$-

(All amounts in NTD thousands unless otherwise specified)

September 30, 2020

Group 1	Not past due (Note 1)	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	
Total book value	$706,915	$34,869	$30,195	$11,234	$7,735	$21,246	$812,194
Loss ratio	1%	0.5%	0.6%	0.5%	0.6%	2%	
Lifetime expected credit losses	(7,002)	(190)	(187)	(56)	(46)	(429)	(7,910)
Net amount	$699,913	$34,679	$30,008	$11,178	$7,689	$20,817	$804,284

Group 2 (Note 2)	Not past due (Note 1)	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	
Total book value	$12,908	$-	$-	$-	$-	$2,428	$15,336
Loss ratio	100%	-	-	-	-	100%	
Lifetime expected credit losses	(12,908)	-	-	-	-	(2,428)	(15,336)
Net amount	$-	$-	$-	$-	$-	$-	$-

Note 1: All notes receivable and contract assets are not past due; loss provisions are measured based on Lifetime expected credit losses.

Note 2: The Group measures loss provision for individual counterparties based on Lifetime expected credit losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow.

(All amounts in NTD thousands unless otherwise specified)

Changes in loss provisions on contract assets, accounts receivable, and installment accounts receivable for the nine months ended September 30, 2021 and 2020 are explained below:

	Contract assets	Accounts receivable	Instalment accounts receivable
January 1, 2021	$12,524	$11,657	$7,049
Net recognitions (reversals) for the current period	7	(2,101)	-
Reclassification	917	(917)	-
Actual write-offs	-	(743)	-
Effect of exchange rate changes	-	1	-
September 30, 2021	$13,448	$7,897	$7,049
January 1, 2020	$11,898	$19,676	$7,049
Net recognitions (reversals) for the current period	(1,366)	(13,634)	-
Reclassification	2,018	(2,018)	-
Actual write-offs	-	(373)	-
Effect of exchange rate changes	-	(4)	-
September 30, 2020	$12,550	$3,647	$7,049

17. Lease

(1) The Group as lessee

The Group leases several types of asset, including buildings, transportation equipment, and office equipment. Lease tenor of each contract is from 1 to 6 years.

Effects of leases on the Group's financial position, financial performance, and cash flow are explained below:

(All amounts in NTD thousands unless otherwise specified)

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Book value of right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Buildings	$20,261	$27,552	$29,983
Transportation equipment	3,702	4,192	5,631
Office equipment	1,610	3,453	2,004
Total	$25,573	$35,197	$37,618

Right-of-use assets increased by NT$3,304 thousand and NT$5,603 thousand for the nine months ended September 30, 2021 and 2020, respectively.

(b) Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Lease liabilities	$26,227	$35,884	$38,269
Current	$11,950	$14,957	$14,479
Non - current	14,277	20,927	23,790
Total	$26,227	$35,884	$38,269

Please see Note VI.19(4) - Financial cost for interest on lease liabilities for the nine months ended September 30 2021 and 2020; and note XII.5 - Liquidity risk management for maturity analysis of lease liability for the nine months ended September 30, 2021.

(All amounts in NTD thousands unless otherwise specified)

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Buildings	$2,432	$2,429	$7,300	$7,289
Transportation equipment	798	1,438	3,425	5,105
Office equipment	738	192	2,213	601
Total	$3,968	$4,059	$12,938	$12,995

C. Income, expenses, and losses relating to lease activities as a lessee

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Short-term lease expense	$947	$1,049	$2,913	$2,573

D. Cash outflow relating to lease activities as a lessee

The Group incurred NT$16,371 thousand and NT$15,980 thousand of lease-related cash outflow for the nine months ended September 30, 2021 and 2020.

(All amounts in NTD thousands unless otherwise specified)

18. Summary of employee benefit, depreciation, and amortization expenses by function:

By function / By nature	Three months ended September 30, 2021			Three months ended September 30, 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses	$21,329	$168,898	$190,227	$22,219	$160,498	$182,717
Wages and salaries	18,332	143,759	162,091	19,209	136,755	155,964
Labor and national health insurance expenses	1,572	11,409	12,981	1,540	10,817	12,357
Pension expenses	940	8,750	9,690	935	7,813	8,748
Other employee benefit expenses	485	4,980	5,465	535	5,113	5,648
Depreciation expenses	-	8,469	8,469	-	8,033	8,033
Amortization expenses	-	3,285	3,285	-	840	840

(All amounts in NTD thousands unless otherwise specified)

By function / By nature	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses	$59,070	$509,791	$568,861	$59,207	$491,769	$550,976
Wages and salaries	50,741	432,448	483,189	51,142	417,939	469,081
Labor and national health insurance expenses	4,372	35,266	39,638	4,130	33,361	37,491
Pension expenses	2,599	26,215	28,814	2,493	23,862	26,355
Other employee benefit expenses	1,358	15,862	17,220	1,442	16,607	18,049
Depreciation expenses	-	26,103	26,103	-	24,888	24,888
Amortization expenses	-	5,521	5,521	-	2,132	2,132

Pursuant to the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 3% and director remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any. Distribution of employee remuneration mentioned above can be made in cash or in shares. This decision must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of all attending directors, and subsequently reported in shareholder meeting. Please visit the "Market Observation Post System" for more information regarding employee/director remuneration resolved in board of director meetings.

Employee remuneration and director remuneration for the three months ended September 30 of 2021 were estimated and recognized at NT$9,955 thousand and NT$0 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. The basis of estimation is the profitability of the particular year. The above-mentioned amounts were included under salary expense; if the actual amount resolved by the board of directors differs from the estimate, the difference will be recognized as gain or loss for the next year.

Employee remuneration and director remuneration for the nine months ended September 30 of 2021 were estimated and recognized at NT$30,045 thousand and NT$0 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. The basis of estimation is the profitability of the particular year. The above-mentioned amounts were included under salary expense; if the actual amount resolved by the board of directors differs from the estimate, the difference will be recognized as gain or loss for the next year.

Employee remuneration and director remuneration for the three months ended September 30 of 2020 were estimated and recognized at NT$9,167 thousand and NT$0 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. The basis of estimation is the profitability of the particular year, and the abovementioned amounts were included under salary expense.

Employee remuneration and director remuneration for the nine months ended September 30 of 2020 were estimated and recognized at NT$27,500 thousand and NT$0 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. The basis of estimation is the profitability of the particular year, and the abovementioned amounts were included under salary expense.

The board of directors passed a resolution on February 26, 2021 to pay the 2020 employee remuneration and director remuneration at NT$38,900 thousand and NT$0 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2020 financial statements.

The board of directors passed a resolution on February 26, 2020 to pay the 2019 employee remuneration and director remuneration at NT$33,167 thousand and NT$0 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2019 financial statements.

(All amounts in NTD thousands unless otherwise specified)

19. Non-operating income and expenses

(1) Interest income

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Financial assets at amortized costs	$3,084	$2,320	$7,338	$8,338

(2) Other income

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Rental income	$3	$3	$9	$9
Dividend income	2,978	3,990	2,986	4,544
Other income - others	11,878	4,044	19,157	24,249
Total	$ 14,859	$8,037	$ 22,152	$28,802

(3) Other gains and losses

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net gains(losses) on currency exchange	$1,069	$(1,312)	$3,369	$2,977
Gains (losses) on financial assets at fair value through profit or loss	(1,000)	440	1,540	1,140
Gains(losses) on disposals of property, plants and equipment	-	124	(2)	124
Others	(3,499)	(7)	(3,499)	(7)
Total	$(3,430)	$(755)	$1,408	$4,234

(All amounts in NTD thousands unless otherwise specified)

(4) Finance costs

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Interest expenses on bank loans	$ 415	$90	$434	$794
Interest expenses on lease liabilities	147	210	487	658
Total	$562	$300	$921	$1,452

20. Composition of other comprehensive income

Composition of other comprehensive income for the three months ended September 30, 2021 is explained below:

	Occurred during the current period	Reclassifications in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	$907	$-	$907	$-	$907
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	424	-	424	-	424
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(573)	-	(573)	-	(573)
Total other comprehensive income for the current period	$758	$-	$758	$-	$758

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the three months ended September 30, 2020 is explained below:

	Occurred during the current period	Reclassifications in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	$(8,890)	$-	$(8,890)	$-	$(8,890)
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	(1,428)	-	(1,428)	-	(1,428)
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	5,079	-	5,079	-	5,079
Total other comprehensive income for the current period	$(5,239)	$-	$(5,239)	$-	$(5,239)

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the nine months ended September 30, 2021 is explained below:

	Occurred during the current period	Reclassifications in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	$2,590	$-	$2,590	$-	$2,590
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	2,588	-	2,588	-	2,588
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(1,287)	-	(1,287)	-	(1,287)
Total other comprehensive income for the current period	$3,891	$-	$3,891	$-	$3,891

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the nine months ended September 30, 2020 is explained below:

	Occurred during the current period	Reclassifications in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	$(1,167)	$-	$(1,167)	$-	$(1,167)
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	6,600	-	6,600	-	6,600
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(1,929)	-	(1,929)	-	(1,929)
Total other comprehensive income for the current period	$3,504	$-	$3,504	$-	$3,504

(All amounts in NTD thousands unless otherwise specified)

21. Income tax

Compositions of income tax expenses (benefits) for the nine months ended September 30, 2021 and 2020 are explained below:

Income tax recognized in profit or loss

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Income tax expenses (benefits) for the current period:				
Current income tax payable	$35,422	$8,446	$99,804	$68,038
Adjustment of current income tax of previous years	-	-	(155)	143
Deferred income tax expenses (benefits):				
Deferred income tax expenses (benefits) relating to the origination and reversal of temporary differences	283	19,239	9,296	28,832
Deferred income tax relating to the origination and reversal of tax losses and income tax credits	43	(4)	-	467
Offset (reversal of previous offset) of deferred income tax asset	(780)	(18,290)	(957)	(19,094)
Deferred income taxes relating to tax rate changes	-	-	-	(112)
Income tax expenses	$34,968	$9,391	$107,988	$78,274

Assessment of income tax return

Assessment of income tax filings submitted by the Company and domestic subsidiaries as at September 30, 2021 is explained below:

	Assessment of income tax return
The Company	Certified up to 2018
Subsidiary - SRAIN Investment Co., Ltd.	Certified up to 2019
Subsidiary - Stark Inforcom Inc.	Certified up to 2019

22. Earnings per share (EPS)

Amount of basic earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period.

Amount of diluted earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period, including all potential dilutive ordinary shares assuming total conversion.

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
(1) Basic earnings per share				
Net income attributable to parent company's ordinary shareholders (NTD thousands)	$137,145	$116,363	$415,462	$360,176
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291	106,360,291	106,360,291
Basic earnings per share (NTD)	$1.29	$1.10	$3.91	$3.39
(2) Diluted earnings per share				
Net income attributable to parent company's ordinary shareholders (NTD thousands)	$137,145	$116,363	$415,462	$360,176
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291	106,360,291	106,360,291
Dilutive effect:				
Employee remuneration (shares)	431,068	437,898	551,969	570,422
Weighted average outstanding ordinary shares after adjustment for dilutive effect (shares)	106,791,359	106,798,189	106,912,260	106,930,713
Diluted earnings per share (NTD)	$1.28	$1.09	$3.89	$3.37

There had been no other transaction that significantly changed the number of closing outstanding ordinary shares or potential ordinary shares after the reporting date up until the publication date of financial statements.

(All amounts in NTD thousands unless otherwise specified)

VII. Related party transactions

Compensation for key management of the Group

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Short-term employee benefits	$16,751	$18,785	$55,590	$63,617
Post-employment benefits - pension	677	701	1,995	1,949
Total	$17,428	$19,486	$57,585	$65,566

VIII. Pledged assets

The Group had placed the following assets as collaterals:

	Book value			
Item	September 30, 2021	December 31, 2020	September 30, 2020	Details of debts secured
Other financial assets - current	$9,633	$8,433	$8,665	Performance guarantee
Other financial assets - non-current	7,105	9,092	9,081	Performance guarantee
Total	$16,738	$17,525	$17,746	

IX. Significant contingent liabilities and unrecognized contract commitments

1. The Company had engaged financial institutions to provide NT$102,177 thousand of performance and customs guarantee for various projects.

2. The Company had issued NT$37,115 thousand of guaranteed notes to customers and banks to secure sales and borrowing limits.

(All amounts in NTD thousands unless otherwise specified)

X. Losses from Major Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

1. Types of financial instrument

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets			
Financial assets at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	$14,130	$12,590	$11,400
Financial assets at fair value through other comprehensive income	101,377	92,570	76,286
Financial assets at amortized costs			
Cash and cash equivalents (excluding cash on hand)	1,254,939	1,348,206	1,284,732
Receivables	478,953	682,110	362,920
Long-term receivables	72,253	87,317	94,943
Other financial assets	16,738	17,525	17,746
Refundable deposits	220,409	215,597	200,839
Subtotal	2,043,292	2,350,755	1,961,180
Total	$2,158,799	$2,455,915	$2,048,866
Financial liabilities			
Financial liabilities at amortized costs:			
Short-term loans	$230,000	$-	$-
Payables	1,005,352	1,388,024	1,030,285
Lease liabilities	26,227	35,884	38,269
Guarantee deposits	3,113	2,821	3,187
Total	$1,264,692	$1,426,729	$1,071,741

2. Purpose and policy of financial risk management

The Group has set its financial risk management goals to primarily manage market risks, credit risks, and liquidity risks relating to operating activities. The abovementioned risks are identified, measured, and managed according to the Group's policies and risk preference.

The Group has implemented appropriate policies, procedures, and internal controls for the management of financial risks mentioned above. All important financial activities are subject to review by the board of directors and audit committee in accordance with rules and the internal control system. The Group is required to duly comply with its financial risk management rules when carrying out financial management activities.

3. Market risk

Changes in the market price of financial instruments is the type of market risk that the Group is most concerned with. Market risk may cause fluctuation in the fair value or cash flow of financial instruments, and mainly includes exchange rate risk, interest rate risk, and other price risk.

In practice, however, it is extremely rare to see only one risk variable changing at one time. Although risk variables tend to be correlated to some degree, the sensitivity analysis below has not taken into consideration the inter-correlation of risk variables.

Exchange rate risk

The Group’s exchange rate risk exposure is mainly associated with operating activities (when the currency of income or expense is different from the Group’s functional currency) and net investments in foreign operations.

Some of the Group's foreign currency receivables and foreign currency payables are denominated in the same currencies, which create natural hedge to some extent. However, the Group did not adopt hedge accounting as natural hedge does not conform with the requirements for hedge accounting. Meanwhile, net investments in foreign operations represent strategic investments, therefore the Group did not hedge this exposure.

Sensitivity analysis for exchange rate risk is conducted on monetary items denominated in key foreign currencies as at the balance sheet date, and the analysis evaluates how a strengthening/weakening of foreign currency affects the Group's profits and equity. Exchange rate risks of the Group are mainly attributed to the volatility of USD and RMB currencies. Sensitivity analysis for the two currencies is provided below:

If NTD strengthened/weakened against USD by 1%, profits for the nine months ended September 30, 2021 and 2020 would have increased/decreased by NT$124 thousand and NT$167 thousand, whereas equity would have decreased/increased NT$121 thousand and NT$139 thousand, respectively.

If NTD strengthened/weakened against RMB by 1%, profits for the nine months ended September 30, 2021 and 2020 would have decreased/increased by NT$307 thousand and NT$984 thousand, respectively, and there would be no effect whatsoever on equity.

Interest rate risk

Interest rate risk refers to fluctuations in the fair value or future cash flow of a financial instrument due to changes in market interest rate. The Group's exposure to interest rate risk arises mainly from loans borrowed at floating rate. However, given that the Group currently has no such loan outstanding, it is not exposed to any material interest rate risk.

Equity price risk

The Group holds TWSE/TPEX listed as well as unlisted equity securities; the fair value of investments may be affected by uncertainties associated with the future value. All TWSE/TPEX listed and unlisted equity securities held by the Group are classified as equity instruments at fair value through other comprehensive income. The Group manages equity price risk of equity securities through diversified investment and by setting investment limits on single and a portfolio of instruments. Information on portfolio of equity securities has to be provided to the Group's management on a regular basis; the board of directors is required to verify and approve all decisions concerning investment of equity securities.

A 10% rise/fall in the price of TWSE/TPEX listed shares held as equity instruments at fair value through other comprehensive income would have affected the Group's equity by NT$8,526 thousand and NT$6,912 thousand for the nine months ended September 30, 2021 and 2020, respectively.

(All amounts in NTD thousands unless otherwise specified)

4. Credit risk management

Credit risk refers to the possibility of financial losses suffered due to counterparties becoming unable to fulfill contractual obligations. The Group's credit risk exposure mainly arises from operating activities (primarily accounts receivable and notes receivable) and financing activities (primarily bank deposits and financial instruments).

All departments of the Group manage credit risks according to prevailing policies, procedures, and controls. Counterparty credit risk is evaluated after taking into consideration each counterparty's financial position, external credit rating, historical transactions, the current economic environment, and the Group's internal rating standards, etc. The Group uses credit enhancement tools (such as advanced receipt and insurance) at appropriate times to minimize credit risk of specific counterparties.

The Group's top 10 customers accounted for 30%, 33%, and 20% of total contract assets and accounts receivable balance as at September 30, 2021, December 31, 2020, and September 30, 2020, respectively. Judging by the above, there was no credit risk concentration in the Group's contract assets and accounts receivable.

The Finance Department manages credit risk of bank deposits and other financial instruments according to group policies. All counterparties of the Group are approved according to internal control procedures, and consist entirely of reputable banks, investment-grade financial institutions, companies, and government agencies, hence no major credit risk exists.

The Group assesses expected credit losses according to IFRS 9. Information relating to credit risk assessment is presented below:

			Total book value		
Credit risk grade	Indicator	Method of measuring expected credit loss	September 30, 2021	December 31, 2020	September 30, 2020
Simplified approach (Note)	(Note)	Lifetime expected credit losses	$975,138	$1,136,666	$827,530

Note: The Group adopts the simplified approach (loss provision is measured based on Lifetime expected credit losses); the assessment covers contract assets, notes receivable, accounts receivable, and instalment accounts receivable.

(All amounts in NTD thousands unless otherwise specified)

5. Liquidity risk management

The Group uses cash and cash equivalents, marketable securities, bank loans, leases, and contracts to maintain financial flexibility.

The following table shows maturity of financial liabilities as stated in contract terms and conditions. The dates represent the earliest times at which the Group may be required to make repayments, whereas the amounts are undiscounted and include agreed interests. Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

Non-derivative instruments

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
September 30, 2021					
Short-term loans	$230,356	$-	$-	$-	$230,356
Payables	1,005,352	-	-	-	1,005,352
Lease liabilities	12,353	14,453	48	-	26,854
December 31, 2020					
Payables	$1,388,024	$-	$-	$-	$1,388,024
Lease liabilities	15,526	19,222	2,171	-	36,919
September 30, 2020					
Payables	$1,030,285	$-	$-	$-	$1,030,285
Lease liabilities	15,108	20,153	4,218	-	39,479

(All amounts in NTD thousands unless otherwise specified)

6. Reconciliation of liabilities relating to financing activities

Reconciliation of liabilities relating for the nine months ended September 30, 2021:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2021	$-	$2,821	$35,884	$38,705
Non - cash movement	-	-	3,791	3,791
Cash flow	230,000	292	(13,458)	216,834
Effect of exchange rate changes	-	-	10	10
September 30, 2021	$230,000	$3,113	$26,227	$259,340

Reconciliation of liabilities relating for the nine months ended September 30, 2020:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2020	$130,190	$5,027	$45,425	$180,642
Non - cash movement	-	-	6,261	6,261
Cash flow	(130,190)	(1,840)	(13,407)	(145,437)
Effect of exchange rate changes	-	-	(10)	(10)
September 30, 2020	$-	$3,187	$38,269	$41,456

7. Fair value of financial instruments

(1) Fair value assessment techniques and assumptions

Fair value refers to the price that market participants are able to receive for selling an asset, or the price that has to be paid to transfer a liability, in an orderly transaction on the measurement date. The Group has adopted the following techniques and assumptions when measuring and disclosing fair values of financial assets and liabilities:

A. Book value of cash and cash equivalents, receivables, payables, and other current liabilities closely resemble their fair value due to their short maturity.

B. Financial assets and liabilities that are traded on active markets at standard terms and conditions shall have fair value determined by market quotation (e.g. TWSE/TPEX listed shares, beneficiary certificates, and bonds).

C. Equity instruments without active market (e.g. privately placed shares of TWSE/TPEX listed companies, shares of unlisted public and private companies without active market) shall have fair value estimated using the market approach, which infers fair values from transaction price or other relevant information (such as discount for lack of liquidity, P/E and P/B ratios of similar companies etc.) of same or comparable equity instruments.

D. For debt instruments without quotation in active market, bank loans, and other non-current liabilities, fair value is determined by counterparty's quotation or through the use of valuation technique. The valuation technique takes a discounted cash flow approach, and assumptions such as interest rate and discount rate are established in reference to instruments of similar nature.

(2) Fair value of financial instruments carried at cost after amortization

Book value of financial assets and liabilities carried at amortized costs closely resemble their fair value.

(3) Fair value hierarchy for financial instruments

See Note XII.8 for information relating to fair value hierarchy for financial instruments.

8. Fair value hierarchy

(1) Definition of fair value hierarchy

For all assets and liabilities measured or disclosed at fair value, fair value measurement is categorized in their entirety in the level of the lowest level input that is significant to the entire measurement. The different levels of inputs used are explained below:

Level 1 input: Quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature.
Level 2 input: Inputs that can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input.
Level 3 input: Inputs that can not be observed for an asset or liability.

Assets and liabilities that are recognized on financial statements on a recurring basis shall have classification reassessed on each balance sheet date to determine if transfer of fair value hierarchy has taken place.

(2) Information on fair value hierarchy

The Company did not have any asset that is measured at fair value on a non-recurring basis. Hierarchy of assets and liabilities with recurring fair value measurement is explained below:

September 30, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Fund	$14,130	$-	$-	$14,130
Financial assets at fair value through other comprehensive income				
Stock	$85,264	$-	$16,113	$101,377

(All amounts in NTD thousands unless otherwise specified)

December 31, 2020:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Fund	$12,590	$-	$-	$12,590
Financial assets at fair value through other comprehensive income				
Stock	$78,407	$-	$14,163	$92,570

September 30, 2020:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Fund	$11,140	$-	$-	$11,140
Financial assets at fair value through other comprehensive income				
Stock	$69,123	$-	$7,163	$76,286

Transfer of fair value input between level 1 and level 2

There had been no transfer of fair value input between level 1 and level 2 for the nine months ended September 30, 2021 and 2020 that involved assets or liabilities with recurring fair value measurement.

Transfer of level 3 input for recurring fair value measurements

There had been no transfer of level 3 input that involved assets or liabilities with recurring fair value measurement.

Information on the use of significant unobservable inputs in level 3 fair value measurement

The following significant unobservable inputs were used for level 3 measurement of assets with recurring fair value measurement:

September 30, 2021:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between input and fair value	Sensitivity analysis on relationship between input and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset Approach	Discount for lack of liquidity	20%	The higher the lack of liquidity, the lower the fair value estimate	If P/E ratio of a similar share rises/falls by 10%, the Group's profits would increase/decrease by NT$16 thousand.

(All amounts in NTD thousands unless otherwise specified)

December 31, 2020:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between input and fair value	Sensitivity analysis on relationship between input and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset Approach	Discount for lack of liquidity	20%	The higher the lack of liquidity, the lower the fair value estimate	If P/E ratio of a similar share rises/falls by 10%, the Group's profits would increase/decrease by NT$16 thousand.

September 30, 2020:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between input and fair value	Sensitivity analysis on relationship between input and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset Approach	Discount for lack of liquidity	20%	The higher the lack of liquidity, the lower the fair value estimate	If P/E ratio of a similar share rises/falls by 10%, the Group's profits would increase/decrease by NT$16 thousand.

(3) Mandatory disclosure of fair value hierarchy for items not measured at fair value: None.

9. Significant foreign currency-denominated financial assets and liabilities

The Group had the following significant foreign currency -denominated financial assets and liabilities:

Unit: thousand dollars

	September 30, 2021		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$4,649	27.79	$129,208
CNY (RMB)	76,197	4.274	325,665
JPY	15,413	0.2468	3,804
Financial liabilities			
Monetary items:			
USD	1,172	27.79	32,562
CNY (RMB)	2,368	4.274	10,120

	December 31, 2020		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$1,580	28.04	$44,311
CNY (RMB)	69,574	4.286	298,192
JPY	25,613	0.2705	6,928
SGD	104	21.15	2,208
Financial liabilities			
Monetary items:			
USD	650	28.04	18,217
CNY (RMB)	1,624	4.286	6,959

(All amounts in NTD thousands unless otherwise specified)

	September 30, 2020		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$5,188	29.126	$151,096
CNY (RMB)	74,240	4.29	318,488
JPY	40,917	0.276	11,293
Financial liabilities			
Monetary items:			
USD	509	29.126	14,834
CNY (RMB)	2,942	4.29	12,623

Due to the broad diversity of functional currencies used for transactions by members of the Group, the Group was unable to disclose exchange gains/losses on monetary financial assets and liabilities separately for each significant foreign currency. The Group's foreign currency exchange benefits for the three months ended September 30, 2021 and 2020 were NT$1,069 thousand and NT$(1,312) thousand respectively; the foreign currency exchange benefits for the nine months ended September 30, 2021 and 2020 were NT$3,369 thousand and NT$2,977 thousand respectively.

10. Capital management

The primary goals of the Group’s capital management are to maintain robust credit rating and sound capital ratios in ways that support business operation and maximization of shareholders' equity. The Group manages and adjusts capital structure based on changes in economic circumstances. The Group maintains and adjusts capital structure through: adjustment of dividend payment, refund of share capital, or issuance of new shares.

(All amounts in NTD thousands unless otherwise specified)

XIII. Other Disclosures

1. Information related to significant transactions:

(1) Loans to external parties: None.

(2) Endorsements/guarantees provided for others:

Serial No. (Note 1)	Name of the company providing an endorsement/ guarantee	The endorsed/guaranteed		Limits on endorsement/ guarantee amount provided to a single entity (Note 3)	Maximum balance for the period (Note 4)	Outstanding endorsement/ guarantee amount at the end of the period (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsement/ guarantee secured with collateral	Cumulative amount of endorsement / guarantee as a percentage of net equity stated in the latest financial statements	Maximum endorsement/ guarantee amount allowed (Note 3)	Provision of endorsement/ guarantee by parent company to subsidiary (Note 7)	Subsidiary's guarantee/ endorsement to parent company (Note 7)	Provision of endorsement /guarantee to the party in Mainland China (Note 7)
		Name of the company	Relationship (Note 2)										
0	The Company	Stark Inforcom Inc.	2	$1,395,508	$7,163	$-	$-	-	-%	$1,395,508	Y	-	-
0	The Company	STARK (NINBO) Technology Inc.	2	1,395,508	129,420	-	-	-	-%	1,395,508	Y	-	Y
1	Stark Inforcom Inc.	The Company	4	241,752	38,526	19,500	19,500	-	0.70%	483,504	-	Y	-

Note 1: Explanation to the serial number column:

1. 0 for the Company.
2. Investees are numbered in sequential order starting from 1; serial number should be consistent for the same company.

Note 2: The relationship between endorsement/guarantee providers and guaranteed parties are classified as follows:

1. Business that the Company has business dealing with.
2. Business in which the Company holds more than 50% direct or indirect voting interest.
3. Business that holds more than 50% direct or indirect voting interest in the Company.
4. Business in which the Company holds more than 90% direct or indirect voting rights.
5. Peer or partner of a construction contract that the Company is in need to provide cross guarantees for.
6. Investee of a joint investment arrangement for which the Company and other shareholders have issued endorsements/guarantees proportionate to ownership interest.
7. Peer of a property pre-sale contract for which the Company has issued performance guarantee in accordance with the Consumer Protection Act.

Note 3: According to subsidiaries' endorsement and guarantee procedures, endorsements/guarantees to a single business shall not exceed 50% of current net equity; total endorsements/guarantees to external parties shall not exceed 100% of current net equity. According to parent company's endorsement and guarantee procedures, endorsements/guarantees to any single subsidiary in which the Company holds more than 90% ownership interest shall not exceed 50% of net equity shown in the Company's latest financial statements, whereas endorsements/guarantees to other external parties shall not exceed 10% of the Company's net equity per entity or 50% of the Company's net equity on an aggregate basis, as shown in the latest financial statements.

Note 4: Represents the maximum balance of endorsement/guarantee during the year.

Note 5: Represents board of directors approved amount. If the Chairman has been authorized by the board of directors to make decisions according to Subparagraph 8, Article 12 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the column shall represent Chairman-approved amount.

Note 6: Represents the actual amount utilized by the guaranteed/endorsed within the endorsement/guarantee limit.

Note 7: Specify "Y" only for: endorsement/guarantee from a TWSE/TPEX listed parent to a subsidiary, endorsement/guarantee from a subsidiary to a TWSE/TPEX listed parent, or endorsement/guarantee to the Mainland China area.

(All amounts in NTD thousands unless otherwise specified)

(3) Holding of marketable securities at the end of the period (not including investment in subsidiaries, associates and joint ventures):

Name of the investor	Type of marketable security	Name of marketable security	Relationship between the securities issuer and the Company	Financial statement account	End of the period			
					Shares / units	Book value	Percentage of shareholding	Fair value
Stark Technology Inc.	Fund	Yuanta Taiwan High-yield Leading Company Fund	-	Financial assets at fair value through profit or loss - non-current	1,000,000	$14,130	-	$14,130
	TWSE-listed stock	ITEQ Corporation	-	Financial assets at fair value through other comprehensive income - non-current	362,829	52,610	0.11%	52,610
	Stock	DWINS Digital Service Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,151	-	0.07%	-
	Stock	Cloud Intelligent Operation Technology CO., Inc	Stark Technology Inc. is the director of the company Cloud Intelligent Operation Technology CO., Inc	Financial assets at fair value through other comprehensive income - non-current	195,000	1,950	19.50%	1,950
SRAIN Investment Co., Ltd.	TWSE-listed stock	ITEQ Corporation	-	Financial assets at fair value through other comprehensive income - non-current	187,614	27,204	0.06%	27,204
	TWSE-listed stock	Zero One Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	47,000	2,190	0.04%	2,190
	TPEX-listed stock	Genesis Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	20,000	1,344	0.04%	1,344

(All amounts in NTD thousands unless otherwise specified)

	TPEX-listed stock	Dimerco Data System Corporation	-	Financial assets at fair value through other comprehensive income - non-current	30,799	1,916	0.04%	1,916
	Stock	LOLA Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,450,000	14,000	15.78%	14,000
	Stock	Hua Chih Venture Capital Corp.	SRAIN Investment Co., Ltd. is the director of Hua Chih Venture Capital Corp.	Financial assets at fair value through other comprehensive income - non-current	16,304	163	3.26%	163
SRAIN Investment Co., Ltd.	Stock	Incomm Technologies Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30	$-	0.01%	$-

(4) Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital: None.

(5) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

(6) Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

(7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(9) Trading of derivatives: None.

(All amounts in NTD thousands unless otherwise specified)

(10) Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries:

For the nine months ended September 30, 2021:

Serial No. (Note 1)	Name of transacting party	Counterparty	Relationship with the transacting party (Note 2)	Transaction summary			
				Account	Amount	Transaction terms	As a percentage of consolidated net revenues or total assets (Note 3)
0	Stark Technology Inc.	Stark Technology Inc. (USA)	1	Purchase	$1,617	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.04%
				Accounts payable	20		-%
0	Stark Technology Inc	Stark Inforcom Inc.	1	Sales revenue	11,628	Selling price is determined at 90%-99% of general selling price or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.25%
				Accounts receivable	2,928		0.05%
				Purchase	12,210	Purchase price is determined by applying a 3%-20% markup on cost or through negotiation. Payment term is 30-120 days after acceptance inspection.	0.27%
				Rental income	1,358	-	0.03%
				Other income	11	-	-%
				Other expense	97	-	-%
0	Stark Technology Inc.	SRAIN Investment Co., Ltd.	1	Rental income	86	-	-%
0	Stark Technology Inc.	STARK (Ningbo) Technology Inc.	1	Sales revenue	2,430	Selling price is determined by applying a 3%-20% markup on cost or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.05%
				Accounts receivable	1,084		0.02%
1	Stark Inforcom Inc.	Stark Technology Inc. (USA)	3	Purchase	13	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	-%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

1. 0 for parent company.
2. Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets; for profit or loss items, percentage of end-of-period cumulative amount is calculated relative to consolidated total revenues.

Note 4: Key transactions presented in this chart are determined by the Company based on principles of materiality.

2. Information on business investments:

Supplementary disclosure of investees in which the Company has significant influence or control for the nine months ended September 30, 2021 (excluding Mainland China investees)

Unit: NTD thousands/USD

Name of the investor	Name of investee	Location of the investee	Main business activities	Initial investment (Note 9)		Shares held as at end of the period			Current profit (loss) of the investee (Note 1)	Investment gains (losses) recognized in the current period (Note 1)	Remarks
				End of the current period	End of the previous year	Number of shares	Percentage	Book value			
Stark Technology Inc.	Stark Technology Inc. (USA)	Note 2	Trading of computer-related products	$1,390 (USD50,000)	$1,390 (USD50,000)	500,000	100.00%	$11,939	$(742)	$(871)	-
Stark Technology Inc.	SRAIN Investment Co., Ltd.	Note 3	General investment	410,967	410,967	-	100.00%	587,537	92,996	92,996	-
Stark Technology Inc.	Pacific Ace Holding International Ltd.	Note 4	General investment	83,370 (USD3,000,000)	83,370 (USD3,000,000)	3,000,000	100.00%	312,340	19,410	19,410	-
Stark Technology Inc.	Stark Information (Hong Kong) Limited	Note 5	Trading of computer equipment and software	1,945 (USD70,000)	-	70,000	100.00%	1,912	(34)	(34)	-
SRAIN Investment Co., Ltd.	S-Rain Investment Ltd.	Note 6	General investment	22,232 (USD800,000)	22,232 (USD800,000)	800,000	100.00%	11,378	877	-	-
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Note 7	Trading of computer-related products	370,000	370,000	37,000,000	100.00%	483,504	90,940	-	-
Pacific Ace Holding International Ltd.	Profit Reap International Limited	Note 4	General investment	83,370 (USD3,000,000) (Note 8)	83,370 (USD3,000,000) (Note 8)	3,000,000	100.00%	312,663	19,410	-	-

Note 1: Investment gains/losses of each company is recognized as part of investment gains/losses of subsidiaries or 2nd-tier subsidiaries, and have been eliminated in the consolidated financial statements.

Note 2: 1209 Mayberry Lane San Jose, CA 95131, U.S.A.

Note 3: 13F, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 4: Beaufor House, P. O. Box 438, Road Town, Tortola, British Virgin Islands

Note 5: Unit 2104, No. 16, Argyle Street (Mongkok Commercial Centre), Kowloon, Hong Kong.

Note 6: Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands

Note 7: 11F-2, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 8: Includes technology in lieu of capital - USD906,243.

Note 9: Amount of initial investment at the ends of the current and previous periods were converted using exchange rate as at September 30, 2021.

(All amounts in NTD thousands unless otherwise specified)

3. Information relating to investments in the Mainland China

(1) Breakdown of investments:

Name of the investee in Mainland China	Main business activities	Paid-in-capital amount	Investment method	Accumulated outflow of investment from Taiwan as beginning of current period	Investment flows of the period		Accumulated outflow of investment from Taiwan as end of current period	Net profit (loss) of the investee of current period	Percentage of shareholding (direct or indirect)	Investment gains (losses) recognized in the current period (Note 3)	Book value of investments in Mainland China at the end of the period (Note 3)	Investment gains recovered back to Taiwan to date
					Outflow	Inflow						
STARK (NINGBO) Technology Inc.	International trade, technical service and consultation, system integration, software development, and sale of computer-related equipment.	USD 3,000,000	Invested indirectly through an investee in a third location (Pacific Ace Holding International Ltd)	$83,370 (USD3,000,000)	-	-	$83,370 (USD3,000,000) (Note 1)	$19,410 (Note 4. (2), 3)	100.00%	$19,410 (Note 4. (2), 3)	$312,935	-
Shanghai Stark Technology Inc.	Wholesale and import/export trade of computers and peripherals, software, office equipment, and electrical/electronic equipment, computer system design, data processing service, and supply of network information.	USD 1,160,000	Invested indirectly through an investee in a third location (S-Rain Investment Ltd)	32,236 (USD1,160,000)	-	-	32,236 (USD1,160,000)	877 (Note 4. (2), 3)	100.00%	877 (Note 4. (2), 3)	11,367	-
Jiangxi Solar PV Corporation	Research, development, production, and sale of solar cells and components	- (Note 2)	Invested indirectly through an investee in a third location (Solar PV Corporation)	83,370 (USD3,000,000)	-	-	83,370 (USD3,000,000)	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)	-

Accumulated outflows of investment from Taiwan to Mainland China as end of current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$198,976 (USD7,160,000) (Note 3)	$198,976 (USD7,160,000) (Note 3)	$1,674,610(Note 5)

Note 1: As at September 30, 2021, the Company had invested USD 906,243 into STARK (Ningbo) Technology Inc. including technology in lieu of capital.

Note 2: The entity was declared bankrupt by the local court, and had completed liquidation on May 22, 2020.

Note 3: Converting the original foreign currency amount using exchange rate as at September 30, 2021.

Note 4: With regards to investment gains/losses recognized in the current period:

(I). It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.

(II). Indicate the basis for investment income (loss) recognition in the number of one of the following three categories.

1. The financial statements were audited and attested by an international accounting firm which has a cooperative relationship with an accounting firm in R.O.C.
2. The financial statements were audited and attested by R.O.C. parent company's CPA
3. Others

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA.

(2) Significant transactions with Mainland China investees:

A. Amount and percentage of purchases and balance and percentage of corresponding payables at the end of period: Please see Note XIII.1.(10) of the financial statements.

B. Amount and percentage of sales and balance and percentage of corresponding receivables at the end of period: Please see Note XIII.1.(10) of the financial statements.

C. Property transactions and the resulting gains or losses: None.

D. Ending balances and purposes of endorsed notes, guarantees, or pledged collaterals: Please see Note XIII.1.(2) of the financial statements.

E. Maximum balance, ending balance, interest rate range, and total interests amount of loans in the current period: None.

F. Other transactions with material impact to the current profit or loss or financial position: None.

4. Information on major shareholders: Disclosure requirements not met.

XIV. Segment Information

The Group generates revenues mainly from distribution and maintenance of computers and peripherals; research, design, development, and sale of computer software/hardware, and computer system design. The Group's decision makers evaluate performance of the Company and allocate resources accordingly. The Group has consolidated all of its operations into one single reporting segment due to the fact that they share similar economic characteristics and exhibit comparable long-term financial performance. Segment information is prepared using the same basis and significant accounting policies stated in Note IV.