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Stark Technology Inc.

Parent Company Only Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2021 and 2020

Company address: 12F-1, No. 83, Section 2, Dongda Road,
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Independent Auditor's Report

To stakeholders of Stark Technology Inc.:

Opinion

We have audited the parent company only balance sheet of Stark Technology Inc. as at December 31, 2021 and 2020, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flow, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2021 and 2020.

We found that none of the material disclosures of the parent company only financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers, or compromised the fair view of the parent company only financial position of Stark Technology Inc. as at December 31, 2021 and 2020, or the parent company only financial performance and parent company only cash flow for the periods January 1 to December 31, 2021 and 2020.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Stark Technology Inc. when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing the year ended December 31, 2021 parent company only financial statements of Stark Technology Inc. These issues have already been addressed when we audited and formed our opinions on the parent company only financial statements. Therefore, we do not provide opinions separately for individual matters.

Recognition of service income

Stark Technology Inc. reported NT$1,575,325 thousand of service income for the year ended December 31, 2021, representing 31% of total operating revenues and is considered material to the parent company only financial statements. This income is mostly the result of consultation and maintenance services rendered, and given the complexity of contract terms, income is recognized based on the extent of service rendered over the contract tenor. It is therefore necessary to exercise judgment over the scope of performance obligations and the timing of fulfillment, and we consider the amount of income recognized and the recognition approach taken to be key audit issues. Audit procedures that we have taken for the key audit issue mentioned above included (but were not limited to): evaluating the appropriateness of accounting policy on service income recognition, testing the effectiveness of the internal control system that the management has created for recognizing service income, analyzing gross profit margin by service category, executing transaction detail tests including sample examination of service contracts and invoices, and identifying performance obligations, cost-sharing arrangements, and timing of fulfillment for the contracts involved. These actions enabled us to determine whether transactions were recognized at the correct timing. We also reviewed the appropriateness of revenue disclosure mentioned in Notes IV and VI of the parent company only financial statements.

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

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent company only financial statements also involved: assessing the ability of Stark Technology Inc. to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Stark Technology Inc. (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with generally accepted auditing principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with generally accepted auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the parent company only financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.

2. Obtaining necessary understanding on internal controls relevant to audit and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing opinion on the effectiveness of internal control system of Stark Technology Inc.

3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.

4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Stark Technology Inc. to operate as a going concern, based on the audit evidence obtained. We are bound to remind parent company only financial statement users to pay attention to relevant disclosures in the notes to those statements within our audit report if

material uncertainties exist in regards to the aforementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Stark Technology Inc. no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.

6. Obtaining sufficient and appropriate audit evidence on financial information of entities within the Company, and expressing opinions on parent company only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the Company.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects in internal control identified during the audit) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including relevant protection measures).

We have identified the key audit matters after communicating with the governance body regarding the year ended December 31, 2021 parent company only financial statements of Stark Technology Inc. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

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

February 25, 2022

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.
Parent Company Only Balance Sheet
As at December 31, 2021 and December 31, 2020
(All amounts in NTD thousands)

Asset			December 31, 2021		December 31, 2020	
Code	Major Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	(IV), (VI).1 and (XII)	$ 794,748	15	$ 803,846	16
1140	Contract assets - current	(IV), (VI).16, (VI).17, and (XII)	175,973	4	279,095	6
1150	Notes receivable, net	(IV), (VI).4, (VI).17, and (XII)	3,885	-	2,649	-
1172	Accounts receivable	(IV), (VI).5, (VI).17, and (XII)	322,348	6	303,917	6
1173	Installment accounts receivable	(IV), (VI).5, (VI).17, and (XII)	53,473	1	44,349	1
1180	Accounts receivable - related parties, net	(IV), (VI).5, (VI).17, (VII), and (XII)	2,157	-	-	-
1200	Other receivables	(XII)	4,583	-	2,383	-
130x	Inventories	(IV) and (VI).6	1,772,741	34	1,550,211	31
1410	Prepayments	(IV) and (VI).7	402,879	8	368,243	7
1476	Other financial assets - current	(IV), (VIII) and (XII)	1,365	-	838	-
1478	Refundable deposits	(XII)	62,528	1	55,967	1
1479	Other current assets		1,250	-	3,406	-
11xx	Total current assets		3,597,930	69	3,414,904	68
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	(IV), (VI).2 and (XII)	-	-	12,590	-
1517	Financial assets at fair value through other comprehensive income -non -current	(IV), (VI).3 and (XII)	53,471	1	50,070	1
1550	Investments accounted for using equity method	(IV), and (VI).8	961,345	18	878,583	18
1600	Property, plant and equipment	(IV) and (VI).9	445,923	9	452,968	9
1755	Right-of-use assets	(III), (IV) and (VI).18	22,302	1	34,341	1
1780	Intangible asset	(IV) and (VI).10	7,988	-	6,696	-
1840	Deferred income tax assets	(IV) and (VI).22	17,497	-	22,851	-
1920	Refundable deposits	(XII)	57,960	1	44,105	1
1933	Long-term installment accounts receivable	(IV), and (VI).5	68,546	1	86,042	2
1980	Other financial assets - non-current	(IV), (VIII) and (XII)	6,842	-	9,092	-
1990	Other non-current assets	(VI).11	1,120	-	5,528	-
15xx	Total non-current assets		1,642,994	31	1,602,866	32
1xxx	Total assets		$ 5,240,924	100	$ 5,017,770	100

(Please refer to notes to parent company only financial statements)

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

Stark Technology Inc.
Parent Company Only Balance Sheet - (Continued)
As at December 31, 2021 and December 31, 2020
(All amounts in NTD thousands)

Liabilities and equity			December 31, 2021		December 31, 2020	
Code	Major Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	(IV), (VI).12 and (XII)	$ 70,000	1	$ -	-
2130	Contract liabilities - current	(IV), and (VI).16	972,764	19	981,388	20
2150	Notes payable	(XII)	939	-	2,704	-
2170	Accounts payable	(XII)	656,444	13	702,438	14
2180	Accounts payable - related parties	(VII) and (XII)	1,338	-	3,848	-
2200	Other payables	(XII)	231,315	4	230,887	5
2230	Current income tax liabilities	(IV) and (VI).22	90,856	2	75,405	1
2250	Provisions	(VI).13	11,917	-	37,864	1
2280	Lease liabilities - current	(III), (IV) and (VI).18	11,232	-	14,147	-
2399	Other current liabilities		73,805	1	35,109	1
21xx	Total current liabilities		2,120,610	40	2,083,790	42
	Non-current liabilities					
2570	Deferred income tax liabilities	(IV) and (VI).22	51,797	1	47,489	1
2580	Lease liabilities - non-current	(III), (IV) and (VI).18	11,711	-	20,860	-
2640	Net defined benefit liabilities - non-current	(IV), and (VI).14	34,237	1	34,914	1
2645	Guarantee deposits	(XII)	2,696	-	1,705	-
25xx	Total non-current liabilities		100,441	2	104,968	2
2xxx	Total liabilities		2,221,051	42	2,188,758	44
31xx	Equity attributable to owners of the parent company	(VI).15				
3100	Share capital					
3110	Ordinary share		1,063,603	20	1,063,603	21
3200	Capital surplus		166,514	3	166,514	3
3300	Retained earnings					
3310	Legal reserve		879,312	17	833,911	17
3320	Special reserve		144	-	62,079	1
3350	Unappropriated retained earnings		873,169	17	675,258	13
	Total retained earnings		1,752,625	34	1,571,248	31
3400	Other equity interests		37,131	1	27,647	1
3xxx	Total equity		3,019,873	58	2,829,012	56
	Total liabilities and equity		$ 5,240,924	100	$ 5,017,770	100

(Please refer to notes to parent company only financial statements)

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

Stark Technology Inc.
Parent Company Only Statement of Comprehensive Income
For the periods January 1 to December 31, 2021 and 2020
(All amounts are in NTD thousands, except for earnings per share)

Code	Major Accounts	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Net operating revenue	(IV), (VI).16 and (VII)	$ 5,123,089	100	$ 3,917,557	100
5000	Operating cost	(VI).6, (VI).19 and (VII)	(3,821,276)	(74)	(2,840,760)	(72)
5900	Operating margin		1,301,813	26	1,076,797	28
6000	Operating expenses	(VI).17 and (VI).18				
6200	Administrative expenses	(VI).19 and (VII)	(629,192)	(12)	(586,460)	(15)
6300	Research and development expenses		(91,040)	(2)	(93,676)	(2)
6450	Expected credit impairment (loss) reversal gain		(1,188)	-	13,607	-
	Total operating expenses		(721,420)	(14)	(666,529)	(17)
6900	Operating income		580,393	12	410,268	11
7000	Non-operating income and expenses	(VI).20 and (VII)				
7100	Interest income		8,202	-	7,936	-
7010	Other income		13,833	-	27,293	1
7020	Other gains and losses		2,881	-	3,306	-
7050	Finance costs		(1,417)	-	(1,500)	-
7070	Share of profits/losses on subsidiaries, associated companies, and joint ventures accounted for using the equity method		152,627	3	116,804	3
	Total non-operating income and expenses		176,126	3	153,839	4
7900	Income before income tax		756,519	15	564,107	15
7950	Income tax expenses	(IV) and (VI).22	(118,357)	(2)	(66,489)	(2)
8200	Net income	(IV) and (VI).23	638,162	13	497,618	13
8300	Other comprehensive income					
8310	Items not reclassified into profit or loss					
8311	Remeasurement of defined benefit plan	(VI).21	944	-	(4,921)	-
8316	Unrealized gains on investments in equity instruments at fair value through other comprehensive income		7,717	-	13,773	-
8349	Income tax benefit (expose) related to items that are not reclassified into profit or loss		(189)	-	984	-
8360	Items likely to be reclassified into profit or loss	(VI).21				
8361	Exchange differences on translation of foreign operations		1,576	-	(2,867)	-
	Other comprehensive income for the current period (net of income tax)		10,048	-	6,969	-
8500	Total comprehensive income for the period		$ 648,210	13	$ 504,587	13
	Earnings per share (NTD)					
9750	Basic earnings per share					
9710	Net income	(VI).23	$ 6.00		$ 4.68	
9850	Diluted earnings per share					
9810	Net income	(VI).23	$ 5.97		$ 4.65	

(Please refer to notes to parent company only financial statements)

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

Stark Technology Inc.
Parent Company Only Statement of Changes in Equity
For the periods January 1 to December 31, 2021 and 2020
(All amounts in NTD thousands)

				Retained earnings			Other equity items		
	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 equity
Code		3100	3200	3310	3320	3350	3410	3420	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
	Appropriation and distribution of 2019 earnings (Note)								
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)
D1	Net income for the year ended December 31, 2020	-	-	-	-	497,618	-	-	497,618
D3	Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(3,937)	(2,867)	13,773	6,969
D5	Total comprehensive income for the period	-	-	-	-	493,681	(2,867)	13,773	504,587
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(78,821)	-	78,821	-
Z1	Balance as at December 31, 2020	$ 1,063,603	$ 166,514	$ 833,911	$ 62,079	$ 675,258	$ (25,798)	$ 53,445	$ 2,829,012
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
	Appropriation and distribution of 2020 earnings (Note)								
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)
D1	Net income for the year ended December 31, 2021	-	-	-	-	638,162	-	-	638,162
D3	Other comprehensive income for the year ended December 31, 2021	-	-	-	-	755	1,576	7,717	10,048
D5	Total comprehensive income for the period	-	-	-	-	638,917	1,576	7,717	648,210
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(191)	-	191	-
Z1	Balance as at December 31, 2021	$ 1,063,603	$ 166,514	$ 879,312	$ 144	$ 873,169	$ (24,222)	$ 61,353	$ 3,019,873

(Please refer to notes to parent company only financial statements)

Note: Employee remuneration for the years ended December 31, 2021 and 2020 amounted to NT$37,100 thousand and NT$38,900 thousand, respectively.

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

Stark Technology Inc.
Parent Company Only Statement of Cash Flow
For the periods January 1 to December 31, 2021 and 2020
(All amounts in NTD thousands)

Code	Item	2021 Amount	2020 Amount
AAAA	Cash flow from operating activities:		
A10000	Income before income tax	$ 756,519	$ 564,107
A20000	Adjustments:		
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	32,694	33,009
A20200	Amortization expenses	8,326	3,240
A20300	Expected credit impairment loss (reversal gain)	1,188	(13,607)
A20400	Net gain on financial assets or liabilities at fair value through profit or loss	(2,577)	(2,590)
A20900	Interest expense	1,417	1,500
A21200	Interest income	(8,202)	(7,936)
A21300	Dividend income	(1,819)	(1,814)
A22400	Share of profits on subsidiaries, associated companies, and joint ventures accounted for using the equity method	(152,627)	(116,804)
A22500	Gain on disposal of property, plant and equipment	-	(124)
A31000	Changes in assets/liabilities that are related to operating activities:		
A31125	Contract assets	104,268	(87,429)
A31130	Notes receivable	(1,236)	3,332
A31150	Accounts receivable	(9,100)	29,080
A31160	Accounts receivable - related parties	(2,157)	1,112
A31180	Other receivables	(2,213)	(1,166)
A31200	Inventories	(223,977)	(502,494)
A31230	Prepayments	(34,636)	(83,707)
A31240	Other current assets	2,156	(383)
A32125	Contract liabilities - current	(8,624)	235,726
A32130	Notes payable	(1,765)	2,147
A32150	Accounts payable	(45,994)	138,640
A32160	Accounts payable - related parties	(2,510)	1,305
A32180	Other payables	408	3,324
A32200	Provisions	(25,947)	17,012
A32230	Other current liabilities	38,696	14,217
A32240	Net defined benefit liabilities	267	(65)
A33000	Cash inflow from operations	422,555	229,632
A33100	Interests received	4,922	1,307
A33200	Dividend received	81,431	126,725
A33300	Interests paid	(804)	(978)
A33500	Income tax paid	(93,433)	(18,586)
AAAA	Net cash inflow from operating activities	414,671	338,100

Code	Item	2021 Amount	2020 Amount
BBBB	Cash flow from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(1,950)	(2,930)
B00020	Disposal of financial assets at fair value through profit or loss	15,167	-
B00030	Capital reduction of financial assets at fair value through other comprehensive income	50	-
B00100	Acquisition of financial assets at fair value through profit or loss	-	(10,000)
B01800	Acquisition of investments accounted for using the equity method	(1,955)	-
B02700	Acquisition of property, plant and equipment	(8,859)	(15,128)
B02800	Disposal of property, plant and equipment	-	666
B03700	Increase in refundable deposits	(20,416)	(13,782)
B04500	Acquisition of intangible assets	(9,618)	(3,927)
B06600	Decrease in other financial assets	1,723	575
B06800	Decrease in other non-current assets	4,408	349
BBBB	Net cash outflow from investing activities	(21,450)	(44,177)
CCCC	Cash flow from financing activities:		
C00200	Increase (decrease) in short-term loans	70,000	(30,190)
C03000	Increase (decrease) in guarantee deposits	991	(1,615)
C04020	Repayment of lease principal	(15,961)	(17,684)
C04500	Distribution of cash dividends	(457,349)	(473,303)
CCCC	Net cash outflow from financing activities	(402,319)	(522,792)
EEEE	Net decrease in cash and cash equivalents for the current period	(9,098)	(228,869)
E00100	Cash and cash equivalents, beginning of period	803,846	1,032,715
E00200	Cash and cash equivalents, end of period	$ 794,748	$ 803,846

(Please refer to notes to parent company only financial statements)

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

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Stark Technology Inc.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2021 and 2020
(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

Parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 were approved by the board of directors on February 25, 2022.

(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 Company 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 Company.

(All amounts in NTD thousands unless otherwise specified)

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

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

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.

(All amounts in NTD thousands unless otherwise specified)

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"

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 Company.

3. As of the publication date of financial statements, the Company 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 Company 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 2020 and 2021, 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 Company 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 Company. Aside from the above, other newly announced/amended standards and interpretations have no material impact on the Company.

(IV) Summary of Significant Accounting Policies

1. Compliance statement

Parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

2. Basis of Preparation

The Company has prepared the parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers." According to Article 21 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the amount of current profit/loss and other comprehensive income attributable to parent company shareholders should be consistent between parent company only and consolidated financial statements; the amount of equity attributable to parent company shareholders should also be consistent between parent company only and consolidated financial statements. For this reason, investments in subsidiaries are presented as "Investments accounted for using equity method" in the parent company only financial statements, with valuation adjustments made as necessary.

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

3. Foreign currency transactions

The parent company only financial statements are presented using the Company's functional currency (NTD).

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items are converted using closing exchange rate at the end of each reporting period. Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the period occurred, except in the following circumstances.

(1) For foreign currency loans that are undertaken for the purpose of acquiring a qualifying asset, the exchange difference would form part of the borrowing cost if it is treated as an adjustment to interest cost, and capitalized into the cost of the asset.

(2) Foreign currency items subject to IFRS 9 - "Financial Instruments" are treated using accounting policy on financial instruments.

(3) For monetary items that make up a part of the reporting entity's net investments in foreign operation, exchange difference is recognized as other comprehensive income at initiation, and subsequently reclassified from equity into profit or loss upon disposal of net investments.

Non-monetary accounts that have gains and losses recognized as other comprehensive income shall also have any exchange component of that gain or loss recognized as other comprehensive income. Non-monetary accounts that have gains and losses recognized in profit and loss shall also have any exchange component of that gain or loss recognized in profit and loss.

4. Translation of foreign currency financial statements

Each foreign operation of the Company determines its own functional currency, and presents financial statements in the functional currency chosen. When preparing parent company only financial statements, assets and liabilities of foreign operations are converted into NTD using closing exchange rate as at the balance sheet date, whereas income, expenses, and losses are converted using average exchange rate for the current period. Exchange differences arising from financial statement translation are recognized as other comprehensive income; upon disposal of foreign operations, exchange differences previously recognized as other comprehensive income and accumulated under equity from separate parts are reclassified from equity to profit or loss when recognizing gain/loss on disposal. In a partial disposal of subsidiary containing foreign operation that results in a loss of control, and partial disposal of equity in an associated company or joint agreement containing foreign operation, the disposal treatment shall also apply if the remaining equity can be regarded as a financial asset containing foreign operation.

In a partial disposal of subsidiary containing foreign operation that does not result in a loss of control, cumulative exchange differences previously recognized in other comprehensive income are re-attributed to non-controlling equity of such foreign operation, instead of being recognized in profit or loss. In a partial disposal of associated company or joint agreement containing foreign operation where significant influence or joint control is not lost, cumulative exchange differences are reclassified into profit or loss proportionally.

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

Assets that satisfy any of the following criteria are classified as current assets; assets that are not classified as current are classified as non-current assets:

(1) Assets that are expected to be realized, or intended to be sold or consumed, in the Company's normal operating cycle.
(2) Assets that are held mainly for the purpose of trading.
(3) Assets that are expected to be realized within 12 months after the reporting period.
(4) Cash or cash equivalents, except those are restricted from being swapped or used to repay liabilities beyond 12 months after the end of the reporting period, and those with restricted uses.

Liabilities that satisfy any of the following criteria are classified as current liabilities; liabilities that are not classified as current are classified as non-current liabilities:

(1) Liabilities that are expected to be repaid in the Company's normal operating cycle.
(2) Liabilities that are held mainly for the purpose of trading.
(3) Liabilities that are expected to be repaid within 12 months after the reporting period.
(4) Liabilities where the repayment terms cannot be unconditionally beyond 12 months after the reporting period. Liabilities with terms that give counterparties the option to be repaid by the issue of equity instruments do not affect their classification.

6. Cash and cash equivalents

Cash and cash equivalent refer to cash on hand, demand deposit, and short-term and highly liquid time deposits or investments (including time deposits with terms equal to or less than 12 months) that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to a financial instrument contract.

Financial assets and liabilities subject to IFRS 9 - "Financial Instruments" are measured at fair value at initiation. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the respective asset/liability.

(1) Recognition and measurement of financial assets

Regular transactions of financial asset are recognized and derecognized using trade date accounting.

The Company classifies financial assets into those that are carried at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss based on the two considerations below:

A. Business model for managing the financial assets
B. Characteristics of contractual cash flow for the financial assets

Financial assets at amortized costs

Financial assets that simultaneously satisfy the two conditions below are carried at amortized cost and presented on balance sheet as notes receivable, accounts receivable, installment accounts receivable, long-term installment accounts receivable, and other receivables:

A. Business model for managing the financial assets: financial asset is held for the purpose of collecting contractual cash flow
B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

These financial assets (excluding those that are associated with hedge) are subsequently carried at amortized cost {i.e. the initial amount less principals repaid, plus/less cumulative amortization of differences between the initial amount and the maturity amount (calculated using the effective interest method), and adjusted for loss provisions}. Upon derecognition, amortization, or recognition of impairment gains/losses, the gains or losses are recognized in profit or loss.

Interests calculated using the effective interest method (i.e. by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:

A. Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
B. Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

Financial assets at fair value through other comprehensive income

Financial assets that simultaneously satisfy the two criteria below are measured at fair value through other comprehensive income, and presented on the balance sheet as financial assets at fair value through other comprehensive income.

A. Business model for managing the financial assets: financial asset is held for collecting contractual cash flow and sale
B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

Gains and losses associated with this type of financial assets are recognized in the following manner:

A. Prior to derecognition or reclassification, gains and losses are recognized in other comprehensive income, except for impairment gains/losses and foreign exchange gains/losses, which are recognized in profit or loss
B. Upon derecognition, all cumulative gains/losses previously recognized in other comprehensive income are reclassified from equity to profit or loss and treated as a reclassification adjustment

C. Interests calculated using the effective interest method (i.e. by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:

(a) Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
(b) Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

For equity instruments that are subject to IFRS 9 but are neither held for trading nor recognized as acquirer's contingent consideration under IFRS 3 - Business Combinations, a (irrevocable) choice can be made at initial recognition to account for subsequent fair value changes in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently reclassified into profit or loss (upon disposal of the equity instrument, amounts previously accumulated under other equity item are reclassified directly into retained earnings); these instruments are presented on balance sheet as financial assets at fair value through other comprehensive income. Dividends from investments are recognized in profit or loss, unless the dividends clearly represent a partial recovery of the investment cost.

<u>Financial assets at fair value through profit or loss</u>

With the exception of financial assets that are carried at amortized cost or measured at fair value through other comprehensive income for satisfying the special criteria mentioned above, all other financial assets are measured at fair value through profit or loss, and presented on balance sheet at fair value through profit or loss.
This category of financial assets is measured at fair value. Gains or losses arising from remeasurement are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all dividends or interests collected on the financial asset.

(2) <u>Impairment of financial assets</u>

The Company recognizes and measures the loss provisions for debt instrument investments held at fair value through other comprehensive income and financial assets carried at amortized cost at an amount equal to expected credit loss. Loss provisions on debt instrument investments held at fair value in other comprehensive income are recognized in other comprehensive income and do not reduce the book value of investment.

The Company measures expected credit losses after taking into account of the following:

A. An unbiased and probability-weighted amount determined after assessing the possible outcomes
B. Time value of monetary
C. Rational and verifiable information about past event, current situation, and future economic forecast (that can be obtained on the balance sheet date without incurring excessive cost or input)

Loss provisions are measured using the methods explained below:

A. At an amount equal to 12-month expected credit loss: applies to financial assets that exhibit no significant increase in credit risk since initial recognition, or those that are considered to be of low credit risk as at the balance sheet date. This method also applies to accounts that had loss provisions measured based on lifetime expected credit losses in the previous reporting period, but no longer meets the condition of having exhibited significant increase in credit risk since initial recognition as at the current balance sheet date.
B. At an amount equal to lifetime expected credit losses: applies to financial assets that exhibit significant increase in credit risk since initial recognition, or purchase of originated credit-impaired financial assets.
C. For accounts receivable or contractual assets that arise from the transactions defined in IFRS 15, the Company measures loss provisions at an amount equal to lifetime expected credit losses.
D. For lease receivable that arises from the transactions defined in IFRS 16, the Company measures loss provisions at an amount equal to lifetime expected credit losses.

On each balance sheet date, the Company examines financial instruments for any change in default risk between the balance sheet date and the date of initial recognition, and in doing so evaluates whether there is significant increase in the credit risk of financial instrument since initial recognition. Please see Note XII for credit risk-related information.

(3) Derecognition of financial assets

Financial assets that satisfy any of the following criteria are derecognized:

A. When contractual entitlement to receive cash flow from the asset has ended.
B. When the financial asset has been transferred along with virtually all risks and returns associated with the ownership of the asset.
C. When control of the asset has been transferred, even if the Company does not transfer or retain virtually all risks and returns associated with the asset.

When a financial asset is derecognized, the difference between book value and the sum of consideration received/receivable plus any cumulative gains or losses previously recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liability and equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity based on the essence of the contract agreement and definitions of financial liabilities and equity instrument.

Equity instrument

Equity instrument refers to any contract that represents residual interests after the Company deducts all of its liabilities from its assets. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

Financial liabilities

Financial liabilities subject to IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost at initiation.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities that are held for trading and designated to be measured at fair value through profit or loss.

Financial liabilities are classified as held for trading if it satisfies any of the following criteria:

A. Acquired mainly for the purpose of being sold in the short term.
B. Having been recognized at initiation as part of a portfolio of identifiable financial instruments under collective management, and there is evidence to suggest that the portfolio is being traded for short-term profits; or
C. Exhibits the characteristics of a derivative instrument (except for financial guarantee contracts or derivative instruments designated for effective hedge).

Contracts that contain one or multiple embedded derivative instruments can be designated as hybrid (combined) contracts, and presented as financial liabilities at fair value through profit or loss. These instruments are designated to be measured at fair value through profit or loss at initiation if more relevant information can be obtained in one of the following situations:

A. Designation would eliminate or significantly reduce discrepancies arising from measurement or recognition; or
B. A group of financial liabilities or a group of financial assets and liabilities that are managed and evaluated performance based on fair value, as per risk management guidelines or investment strategy that are in written form, and that information of the investment portfolio provided internally to the management of the Company is also based on fair value.

Gains and losses arising from remeasurement of this category of financial liabilities are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all interests paid on the financial liability.

Financial liabilities at amortized costs

Financial liabilities at amortized costs include payables and loans, which are subsequently measured using the effective interest rate method after initial recognition. When financial liabilities are derecognized from balance sheet and when amortization is provided using the effective interest rate method, the corresponding gains, losses, and amortizations are recognized in profit or loss.

Calculation of amortized costs takes into consideration discounts or premiums at the time of acquisition and transaction costs.

Derecognition of financial liabilities

Financial liabilities are derecognized from balance sheet when obligations have been relieved, canceled, or voided.

When the Company engages a creditor in a swap of debt instruments with significant discrepant terms, or makes significant modification to some or all terms of existing financial liability (whether due to financial distress or not), the effects are accounted by derecognizing the original liability and recognizing the new liability at the same time. When derecognizing financial liability, differences between the book value and the considerations paid/payable (including non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the entity is legally entitled to do so and has the intention to settle assets and liabilities in net amount or to realize the asset and settle the liability at the same time.

8. Fair value assessment

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. Fair value assessment assumes that the asset/liability is sold/transferred in one of the following markets:

(1) The principal market for the asset or liability; or
(2) The most advantageous market for the asset or liability, if the principal market does not exist

The principal or most advantageous market must be one that the Company has access to and is able to transact in.

Common assumptions that market participants adopt for pricing assets or liabilities are used when assessing fair value of an asset or liability. These assumptions assume that market participants all act in their best economic interest.

Fair value assessment of non-financial assets takes into consideration market participants' intent to make the highest and best use of the asset, or their intent to sell the asset to another market participant that will make the highest and best use in order to generate economic benefits.

The Company assesses fair value by adopting valuation techniques that are appropriate for the given circumstance and for which data can be obtained, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

9. Inventories

Accounted at acquisition cost; the cost of inventory is calculated using the weighted average method. Inventory is subsequently measured at the lower of cost or net realizable value item by item. Net realizable value refers to the balance of estimated selling price less any costs required to sell inventory under normal circumstances. Allowance for losses on inventory devaluation and obsolescence that is considered slow-moving or obsolete.

10. Investments accounted for using the equity method

The Company accounts for subsidiaries in accordance with Article 21 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presents them as "investments accounted for using the equity method" with valuation adjustments made as deemed necessary so that the amount of current profit/loss and other comprehensive income attributable to parent company shareholders are consistent between parent company only and consolidated financial statements, and that the amount of equity attributable to parent company shareholders are also consistent between parent company only and consolidated financial statements. These adjustments primarily take into consideration the consolidation treatments for subsidiary investments mentioned in IFRS 10 - "Consolidated Financial Statements" and differences in applicable IFRS rules for different reporting entities, and may involve debiting or crediting accounts such as "investments accounted for using the equity method," "share of profit or loss from subsidiaries, associated companies, and joint ventures accounted for using the equity method," and "share of other comprehensive income from subsidiaries, associated companies, and joint ventures accounted for using the equity method."

11. Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and presented net of accumulated depreciation and accumulated impairment. The abovementioned cost includes the cost of uninstalling, removing, and restoring property, plant and equipment at the given location, and any interest costs incurred on construction-in-progress. Significant compositions of property, plant, and equipment are depreciated separately. When making regular replacements for major component of property, plant, and equipment, the Company treats the replacement as a separate asset and recognizes depreciation based on the specified useful life and depreciation method. Book values of replaced assets are derecognized from balance sheet in accordance with IAS 16 - "Property, plant and equipment." Major repair costs that satisfy the recognition criteria are treated as replacement costs and recognized as part of the book value of property, plant and equipment. All other repair and maintenance expenditures are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives mentioned below:

Buildings	51-56 years
Accessory equipment of buildings	6 years
Transportation equipment	6 years
Office equipment	4-6 years
Right-of-use assets/lease assets	The lower between lease tenor and useful life
Lease improvements	The lower between lease tenor and useful life
Other equipment	2-6 years

The entity derecognizes property, plant and equipment or any of its major components from balance sheet and recognizes in profit or loss when it disposes the asset or expects no further inflow of economic benefits from utilization or disposal of the asset.

Residual value, useful life, and depreciation method of property, plant and equipment are evaluated at the end of each financial year. If the expected value differs from previous estimates, the difference is treated as a change in accounting estimate.

12. Lease

The Company evaluates whether a contract meets the criteria of (or contains) lease on the day of establishment. A contract is considered as (or contains) lease if it involves a transfer of control over identified assets for a period of time in exchange for consideration. To determine whether a contract transfers the right to control the use of an identified asset for a period of time, the Company evaluates whether the following two conditions are met throughout the entire period of use:

(1) The user has the right to obtain substantially all of the economic benefits from using the identified asset; and
(2) The user has the right to determine how identified asset is used.

For contracts that meet the criteria of (or contain) lease, the Company treats every lease component in the contract as a standalone lease, and accounts for non-lease components separately. For a contract that contains a lease component and one or multiple additional lease or non-lease components, the Company separates relative standalone price of each lease component from total standalone price of non-lease components, and allocates consideration to lease components. Relative standalone prices of lease and non-lease components are determined based on the price received by lessor (or supplier of similar nature) for the particular component (or similar component). If observable standalone prices are not readily available, the Company will maximize the use of observable information to estimate the standalone price.

Where the Company is the lessee

Except for leases that meet the criteria for and are accounted as short-term lease or lease of low-value asset, the Company recognizes right-of-use assets and lease liabilities on all lease contracts where it is the lessee.

On the commencement date, the Company measures lease liabilities at the present value of unpaid lease payments outstanding on that day. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the implicit interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead. Lease payments to be included in the calculation of lease liabilities on the commencement date include the following payments outstanding on that day that are relevant to the right-of-use of the underlying asset over the lease tenor:

(1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) Variable lease payments that are determined by certain index or rate (which are initially measured using index or rate as at the commencement date);
(3) Amounts that the lessee expects to pay under guaranteed residual value;
(4) Exercise price for the purchase option, provided that the Company is reasonably certain to exercise such option; and
(5) Penalties that have to be paid upon termination of lease, if the lease term reflects the lessee's intent to exercise the termination option.

After the commencement date, the Company measures lease liabilities at amortized cost basis and uses the effective interest method to increase the book value of lease liabilities to reflect the interest expense on lease liabilities. Lease payments reduce the book value of lease liabilities.

The Company measures right-of-use assets at cost on the commencement date; the cost of right-of-use asset includes:

(1) Initial measured amount of lease liabilities;
(2) Any lease payment made on or before the commencement date, less any lease incentive received;
(3) Any direct cost incurred by the lessee at initiation; and
(4) Estimated cost for the lessee to dismantle, remove the underlying asset, and restore its original location, or to restore the underlying asset to the state specified in the terms and conditions of the lease agreement.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment loss; in other words, the cost method is used to measure right-of-use assets.

If ownership of the underlying asset is due to be transferred to the Company at the end of the lease tenor, or if the cost of right-of-use asset already reflects the Company's intent to exercise the option to purchase, the Company shall begin recognizing depreciation on right-of-use assets from the commencement date until the end of useful life. Otherwise, the Company is required to recognize depreciation from the commencement date until the end of useful life of the right-of-use asset or until the end of the lease tenor, whichever the earlier.

The Company adopts IAS 36 - "Asset impairment" to determine whether right-of-use assets exhibit signs of impairment and account for any impairment losses identified.

Except for leases that meet the criteria for and are accounted as short-term lease or lease of low-value asset, the Company recognizes both right-of-use assets and lease liabilities on the balance sheet, and lease-related depreciation and interest expenses on the statement of comprehensive income.

The Company accounts lease payments associated with short-term lease and lease of low-value asset as expense over the lease tenor on a straight-line basis or using an alternative systematic approach.

Where the Company is the lessor

The Company classifies each lease arrangement into an operating lease or financing lease on the contract establishment date. A lease is classified as financial lease if virtually all risks and returns associated with ownership of the underlying asset are transferred; otherwise, the lease is classified as an operating lease. On the commencement date, the Company recognizes assets held under financial lease arrangement on balance sheet, and presents financial lease receivable at the amount of net lease investments.

For contracts that contain both lease component and non-lease component, the Company adopts IFRS 15 and allocates considerations of contracts accordingly.

The Company recognizes lease payments received from operating leases as rental income on a straight-line basis or using alternative systematic basis. In an operating lease, variable lease payments that are not derived from any particular index or rate are recognized as rental income at the time occurred.

13. Intangible asset

Intangible assets that are acquired separately are measured at cost at initiation. For intangible assets acquired through business combination, cost is determined as fair value as of the acquisition date. After initial recognition, book value of intangible assets is subsequently presented at cost less accumulated amortization and accumulated impairment loss. Intangible assets generated internally that do not meet the recognition criteria are not capitalized, but recognized in profit or loss at the time occurred.

Intangible assets are distinguished into those with finite useful lives and those with indefinite useful lives.

Finite useful life intangible assets are amortized over the number of useful years, and subjected to impairment tests if there are signs of impairment. Useful life and method of amortization for finite useful life intangible assets are reviewed at the end of each financial year. If an asset's expected useful life differs from the previous estimate or if there is a change to how future economic benefits are realized, the Company will adjust the period and method of amortization and treat the adjustment as a change in accounting estimate.

Indefinite useful life intangible assets are not amortized, but are subjected to impairment tests as a standalone asset or as part of the cash-generating unit yearly. Indefinite useful life intangible assets are evaluated each year to determine whether there are events or circumstances that continue to support the assets' useful life are indefinite. If changing from indefinite useful life to finite useful life that apply will be postponed.

Gains or losses arising from the derecognition of intangible assets are recognized in profit or loss.

Computer software

Cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 5 years).

	Computer software
Useful life	Finite
Amortization method	Amortized on a straight-line basis over the estimated useful life
Internally generated or externally acquired	Externally acquired

14. Impairment on non-financial assets

All assets subject to IAS 36 - "Asset impairment" are evaluated whether there is a sign of impairment at the end of each reporting period. If there is a sign of impairment or a yearly impairment tests on particular asset is needed, the Company will conduct the impairment tests as a standalone asset or as part of the cash-generating unit. Impairment losses are recognized if the impairment test shows book value of the asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher between the net fair value and the utilization value.

For assets except for goodwill, the Company conducts regular assessments at the end of each reporting period to determine whether impairment losses recognized in previous periods have reduced or no longer exist. If so, the Company immediately estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed if the recoverable amount increases due to a change in estimated service potential of the underlying asset. However, the asset's book value after reversal of impairment losses cannot exceed the amount of book value less depreciation or amortization before the impairment took place.

Impairment losses and reversal gains from continuing operations are recognized in profit or loss.

15. Provisions

Provisions are recognized on current obligations (legally or constructive) given rise by a past event, for which the Company is very likely to incur an outflow of economic benefit or resource to settle such an obligation, and that the amount of obligation can be estimated reliably. When the Company expects some or all of its provisions to be reimbursed, the Company will recognize assets separately only when the reimbursement is almost confirmed. In circumstances where time value of money has a significant impact, the provision is discounted using the pre-tax interest rate that appropriately reflects the specific risk characteristics of the liability. When discounting, any increase in the amount of liability due to passage of time is recognized as borrowing cost.

Provisions for warranty

Provisions for warranty are estimated base on the terms of product sale contracts, and the management's best estimate of future economic benefit outflows of warranty obligations (based on historical warranty experience).

16. Revenue recognition

Revenue from contracts with customers mainly involves sale of merchandise and rendering of service. Accounting treatments are as explained below:

Sales of merchandise

The Company recognizes revenue on sale of merchandise when the promised merchandise has been delivered to the customer and that the customer has control of the merchandise (i.e. the customer is able to make use of the merchandise and access virtually all remaining benefits on the merchandise). Most of the merchandises sold are electronic equipment of high unit price, for which revenues are recognized based on prices stated in individual contracts. Other merchandises are often sold with discount (based on sales volume accumulated within a defined period), therefore revenue is recognized at prices stated in individual contracts less estimated discounts. The Company estimates how volume-based discounts affect variable consideration using previous experience and expected value.

However, variable consideration is only taken into account if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. Meanwhile, expected volume discount is recognized as refund liabilities in period of agreement.

Warranty represents the Company's assurance that the merchandise supplied will function within customers' expectations, and is recognized according to IAS 37.

The Company sells merchandises with a credit term of 30-120 days. For most contracts, accounts receivable is recognized when the Company transfers control of merchandise and obtains an unconditional entitlement to receive consideration. Such accounts receivable are usually short in duration and there is no significant financial component. For some contracts that merchandise is transferred to customer but does not obtain unconditional entitlement to receive consideration yet, the Company would recognize contract assets instead. According to IFRS9, loss provisions on contract assets should be measured based on Lifetime Expected Credit Losses.

Rendering of service

The services provided by the Company are mainly maintenance, warranty, and design. Such services are priced individually or through negotiation, and provided during the contract period. Service income is recognized over time, considering that the Company renders services in a period of time specified in contract and customers generate benefits from product throughout contract duration, thereby the performance obligation is fulfilled progressively over time, and service income is recognized over time.

For the majority of the Company's contracts, consideration is collected over equal installments after services are rendered. Contractual assets are recognized when services are rendered to customers without unconditional entitlement to collect consideration. However, in certain contracts where partial consideration is collected from customers in advance at the time of signing, the Company bears the obligation to provide subsequent services and therefore recognizes contractual liabilities.

In the above situation, the reclassification of contractual liabilities into income generally do not exceed one year, and hence has not given rise to significant financing component.

17. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized into part of the cost of the respective assets. All other borrowing costs are expensed in the period incurred. Borrowing cost includes interest and other costs incurred in relation to the borrowing of capital.

18. Post-employment benefit plans

The Company's retirement policy applies to all permanent employees. All pension contributions are placed entirely under the management of the Labor Pension Supervisory Committee and deposited into a dedicated pension fund account. Since the above pension fund is being held under the name of the Labor Pension Supervisory Committee, it is completely separate from the Company's assets and hence excluded from the parent company only financial statements presented above.

For employees under the Post-employment benefit plans of defined contribution plan, the Company makes monthly pension contributions totaling no less than 6% of employees' salary. The amounts contributed are recognized as current period expense.

For employees that are subject to Post-employment benefit plans of defined benefit plan, provisions are made at the end of the reporting period based on actuarial report using the Projected Unit Credit method. Remeasurement of net defined benefit liabilities (assets) includes return on plan asset and any change in the effect of asset cap, less the amount of net interest on the net defined benefit liabilities (assets) and actuarial gains/losses. Remeasurement of net defined benefit liabilities (assets) is recognized in other comprehensive income in the periods they occur, and recognized immediately into retained earnings. Service costs for the previous period represent changes in the present value of defined benefit obligations due to plan amendment or curtailment, and are recognized as expense on the earlier of the two dates below:

(1) When the plan is amended or curtailed; and
(2) When the Company recognizes related restructuring costs or termination benefits.

Net interest on net defined benefit liabilities (assets) is determined by multiplying net defined benefit liabilities (assets) with the discount rate. Both variables are determined at the beginning of annual reporting period, and changes in net defined benefit liabilities (assets) due to contributions and benefit payments during the period are evaluated thereafter.

19. Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current income tax and deferred income tax.

Current income tax

Current income tax liabilities (assets) for the current and previous periods are measured using statutory or substantively enacted tax rates and tax laws at the end of the reporting period. Current income taxes that arise in relation to accounts recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or in equity respectively instead of profit or loss.

Additional income tax for undistributed earnings is recognized as income tax expense on the date when the distribution proposal is approved in the shareholder’s meeting.

Deferred income tax

Deferred income tax is recognized on temporary differences between the tax basis of assets and liabilities and book value shown in the balance sheet as of the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities, except for the two circumstances below:

(1) Initial recognition of goodwill; or initial recognition of assets or liabilities that do not arise from transactions of the corporate entity, provided that doing so affects neither accounting profit nor taxable profit (loss) at the time of transaction.
(2) Taxable temporary difference that arises from investment in subsidiaries, provided that the timing of reversal can be controlled and the difference is very unlikely to reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences, unused tax losses, and carry forward of unused tax credit to the extent that the Company is likely to earn taxable income to offset them in the future, except for the two circumstances below:

(1) Deductible temporary difference arising from initial recognition of an asset or liability that is unrelated to transactions of the corporate entity, provided that doing so affects neither accounting profit nor taxable profit (loss) at the time of transaction;

(2) Deductible temporary difference arising from investment in subsidiaries, which is recognized only to the extent that the difference is very likely to be reversed in the foreseeable future and that sufficient taxable income can be earned to realize the temporary difference.

Deferred income tax assets and liabilities are measured using tax rate that is expected to apply in the year when the asset is realized of the liability is settled. This tax rate is determined based on the tax rate and tax laws that have been enacted of substantively enacted at the end of the reporting period. Deferred income tax liabilities and assets represent tax impacts of the method by which the entity expects to recover/settle the book value of its assets and liabilities at the end of the reporting period. Deferred income taxes unrelated to any profit or loss account are not recognized in profit or loss, but are instead recognized in other comprehensive income or directly in equity depending on the nature of the transaction. Deferred income tax asset is re-examined and recognized at the end of each reporting period.

Current portions of deferred income tax assets and liabilities can be offset against each other only if the entity is legally entitled to do so, and that the deferred income taxes are attributed to the same taxpayer and the same tax authority.

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

When preparing parent company only financial statements, the management is required to make judgments, estimates, and assumptions as at the end of the reporting period, which will affect the amounts of income, expenses, assets, and liabilities reported and disclosure of contingent liabilities. Uncertainties associated with these significant assumptions and estimates may cause the entity to make significant adjustments to the book value of assets or liabilities in the future.

1. Judgment

When applying accounting policies for the preparation of financial statements, the management is required to make several significant judgments.

These include:

Operating lease commitments - where the Company is the lessor

Lease arrangements in which the Company retains significant risk and return associated with property ownership, according to the assessments on the terms of the lease agreement, are accounted as operating leases.

2. Estimates and assumptions

Estimates and assumptions made about the future at the end of the reporting period for significant but uncertain sources of information may result in significant risks for material adjustments to the book value of assets and liabilities in the next financial year. Explanation is as follows:

(1) Fair value of financial instruments

When fair value of a financial asset and financial liability shown on balance sheet cannot be obtained through active market, the fair value will be determined using valuation technique, such as the income approach (e.g. discounted cash flow model) or market approach. Changes in the assumptions used in these models will affect the fair value of financial instruments reported. Please see Note XII for more details.

(2) Inventories valuation

Due to the fact that inventory is valued at the lower of cost or net realizable value item by item, the Company is required to exercise judgment and estimates to determine the net realizable value of inventory at the end of the reporting period.

Dur to rapidly changing technologies, the Company estimates the net realizable value of inventory for normal waste, obsolescence and market value at the end of reporting period and then writes down the cost of inventories to net realizable value. Inventory valuation is estimated primarily based on inventory characteristics, utilization value, historical experience, and market price, and therefore may give rise to significant changes. See Note VI for more details.

(3) Post-employment benefit plans

Pension cost and present value of defined benefit obligations of Post-employment benefit plans are determined using actuarial valuations. The actuarial valuation involves several different assumptions, including: discount rate and expected salary changes. Please see Note VI for details on the assumptions used to measure pension cost and defined benefit obligations.

(4) Revenue recognition - sales return and discount

The Company estimates sales return and discount based on historical experience and other known factors, and accounts them as contra items to operating revenues when merchandise is sold. The aforementioned estimates of sales returns and discounts are based on the amount of the accumulated revenue recognized in major reversals is highly unlikely to happen based on the premise. See Note VI for more details.

(5) Receivables - estimation of impairment losses

The Company estimates impairment loss of receivables by measuring the lifetime expected credit losses. Credit loss is determined as the present value of differences between contractual cash flow that is due to the Company under contracts (book value) and cash flow the Company expects to receive (after evaluating forward-looking information), but considering that the effect of discounting is insignificant for short-term receivables, credit loss is measured using the undiscounted differences. Significant impairment losses may arise if actual cash flow is less than expectation in the future. See Note VI for details.

(6) Income tax

Uncertainty of income tax lies in the interpretation of complex tax laws and the amount and timing of future taxable income. Due to the wide range of international business relationships and the long-term nature and complexity of contracts, differences between the actual outcome and the assumptions made previously or future changes to such assumption may necessitate future adjustments to income tax benefits and expenses already recognized. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of provision is recognized after taking into account different factors such as: past tax audit experience and the different interpretations of tax law between the subject of tax and the applicable tax authority. Differences in interpretation may give rise to various issues depending on where the Company is located.

Unused tax losses and tax credits carried into subsequent periods and deductible temporary differences are recognized as deferred income tax assets to the extent that the entity is very likely to earn taxable income to offset against. The amount of deferred income tax assets recognizable is determined based on the timing and level of future taxable income and taxable temporary differences, as well as future tax plans and strategies. See Note VI for details of deferred income tax assets that the Company had not recognized as at December 31, 2021.

(All amounts in NTD thousands unless otherwise specified)

(VI) Notes to Major Accounts

1. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	$155	$155
Demand and check deposit	794,593	803,691
Total	$794,748	$803,846

2. Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Investment in equity instruments at fair value through profit or loss - non-current:		
Fund	$-	$12,590

(1) The Company acquired 1 million units of Yuanta Taiwan High-yield Leading Company Fund in March 2020 at a cost of NT$10,000 thousand. 1 million units were disposed in November 2021 for a sum of NT$15,167 thousand; gains on disposal of NT$2,577 thousand for 2021 and NT$2,590 thousand for 2020 were recognized in other gains and losses.

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

3. Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Investment in equity instruments at fair value through other comprehensive income - non-current:		
TWSE/TPEX listed shares	$51,521	$50,070
Unlisted shares	1,950	-
Total	$53,471	$50,070

(1) The Company held shares of Solar PV Corp., an unlisted company, that underwent and completed liquidation procedures. Unrealized loss on valuation totaling NT$90,990

(All amounts in NTD thousands unless otherwise specified)

thousand that the instrument had accumulated up until the time of disposal were reclassified from other equity item to retained earnings.

(2) The Company subscribed to the cash issue of ITEQ Corporation in 2020, and acquired 27 thousand shares at a cost of NT$2,930 thousand.

(3) The Company held shares of Energy Trend Co., Ltd that underwent and completed the liquidation procedures on March 8, 2021. The Company obtained the capital reduction of NT$50 thousand and the dividend income of NT$4 thousand from the distribution of its remaining surplus, and transferred the accumulated unrealized valuation loss of NT$101 thousand at the time of disposal from other equity to retained earnings.

(4) The Company 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.

(5) The Company recognized NT$1,819 thousand and 1,814 thousand of dividend income for the years ended December 31, 2021 and 2020, respectively from investment in 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.

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

4. Notes receivable

	December 31, 2021	December 31, 2020
Notes receivable - arising from operating activities	$3,885	$2,649
Less: loss provisions	-	-
Total	$3,885	$2,649

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

The Company assesses impairment according to IFRS 9. Please see Note VI.17 for information on loss provisions and Note XII for credit risk-related information.

(All amounts in NTD thousands unless otherwise specified)

5. Accounts receivable and installment accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	$328,168	$308,893
Installment accounts receivable	139,132	149,752
Less: Unrealized interest income - installment accounts receivable	(9,019)	(12,312)
Accounts receivable - related parties	2,157	-
Subtotal (total book value)	460,438	446,333
Less: loss provisions	(13,914)	(12,025)
Total	$446,524	$434,308

Expected recovery of installment accounts receivable is as follows:

	December 31, 2021	December 31, 2020
No more than 1 year	$66,724	$57,192
1 to 2 years	44,330	36,337
2 years and above	28,078	56,223
Total	$139,132	$149,752

None of the Company'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 Company had accounts receivable and installment accounts receivable balance outstanding at NT$460,438 thousand on December 31, 2021 and NT$446,333 thousand on December 31, 2020. See Note VI.17 for information on loss provisions and Note XII for credit risk-related information.

6. Inventories

	December 31, 2021	December 31, 2020
Net inventory - merchandise	$1,772,741	$1,550,211

Cost of inventory, consultation, and maintenance recognized as expenses for the years ended December 31, 2021 and 2020 were NT$3,821,276 thousand and NT$2,840,760 thousand respectively. These amounts included NT$1,328 thousand and NT$2,060 thousand of gain on reversal of inventory devaluation and obsolescence for the years ended December 31, 2021 and 2020, respectively.

(All amounts in NTD thousands unless otherwise specified)

Provisions for inventory devaluation and obsolescence as at December 31, 2021 and 2020 were reported at NT$3,275 thousand and NT$4,603 thousand, respectively.

None of the above inventory was pledged as collateral.

7. Prepayments

	December 31, 2021	December 31, 2020
Prepaid purchases	$365,037	$316,553
Other prepaid expenses	37,842	51,690
Total	$402,879	$368,243

(All amounts in NTD thousands unless otherwise specified)

8. Investments accounted for using the equity method

Details of the Company's investments accounted for using the equity method:

	December 31, 2021		December 31, 2020	
Name of investee	Amount	Percentage of shareholding	Amount	Percentage of shareholding
Stark Technology Inc. (USA)	$11,646	100%	$12,918	100%
Pacific Ace Holding International Ltd.	321,252	100%	294,056	100%
Stark Information (Hong Kong) Limited (Note)	1,900	100%	-	-
SRAIN Investment Co., Ltd.	626,547	100%	571,609	100%
Total	$961,345		$878,583	

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

Investments in subsidiaries are presented as "Investments accounted for using the equity method" in the parent company only financial statements, with valuation adjustments made as necessary.

9. Property, plant and equipment

	December 31, 2021	December 31, 2020
Owner-occupied property, plant and equipment	$445,923	$452,968

(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	$1,545	$44,093	$5,796	$323	$545,747
Additions	-	784	3,100	4,941	34	-	8,859
Disposals	-	(873)	-	(7,873)	-	-	(8,746)
Reclassification	-	-	-	1,192	-	255	1,447
December 31, 2021	$291,892	$202,009	$4,645	$42,353	$5,830	$578	$547,307
January 1, 2020	$291,892	$204,387	$2,335	$29,775	$5,711	$2,755	$536,855
Additions	-	1,053	-	13,990	85	-	15,128
Disposals	-	(3,342)	(790)	(2,271)	-	(2,432)	(8,835)
Reclassification	-	-	-	2,599	-	-	2,599
December 31, 2020	$291,892	$202,098	$1,545	$44,093	$5,796	$323	$545,747
Depreciation and impairment:							
January 1, 2021	$-	$69,265	$610	$20,561	$2,165	$178	$92,779
Depreciation	-	5,371	462	10,416	970	132	17,351
Disposals	-	(873)	-	(7,873)	-	-	(8,746)
December 31, 2021	$-	$73,763	$1,072	$23,104	$3,135	$310	$101,384
January 1, 2020	$-	$67,279	$813	$13,756	$1,204	$2,151	$85,203
Depreciation	-	5,328	323	8,798	961	459	15,869
Disposals	-	(3,342)	(526)	(1,993)	-	(2,432)	(8,293)
December 31, 2020	$-	$69,265	$610	$20,561	$2,165	$178	$92,779
Net book value:							
December 31, 2021	$291,892	$128,246	$3,573	$19,249	$2,695	$268	$445,923
December 31, 2020	$291,892	$132,833	$935	$23,532	$3,631	$145	$452,968

The Company did not capitalize any interest for the years ended December 31, 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.

(All amounts in NTD thousands unless otherwise specified)

10. Intangible asset

	Computer software
Cost:	
January 1, 2021	$12,443
Addition - acquisition by separate purchase	9,618
Reduction - removal in the current period	(5,201)
Reclassification in the current period	-
December 31, 2021	$16,860
January 1, 2020	$8,030
Addition - acquisition by separate purchase	3,927
Reduction - removal in the current period	-
Reclassification in the current period	486
December 31, 2020	$12,443
Amortization and impairment:	
January 1, 2021	$5,747
Amortization	8,326
Reduction - removal in the current period	(5,201)
December 31, 2021	$8,872
January 1, 2020	$2,507
Amortization	3,240
Reduction - removal in the current period	-
December 31, 2020	$5,747
Net book value:	
December 31, 2021	$7,988
December 31, 2020	$6,696

Amortization amount of intangible assets:

	Year ended December 31, 2021	Year ended December 31, 2020
Operating cost	$-	$-
Administrative expenses	$8,323	$3,236
Research and development expenses	$3	$4

(All amounts in NTD thousands unless otherwise specified)

11. Other non-current assets

	December 31, 2021	December 31, 2020
Other non-current assets - others	$1,120	$5,528

12. Short-term loans

	December 31, 2021	December 31, 2020
Unsecured bank loans	$70,000	$-
Interest rate range	0.85%	-%

The Company had undrawn short-term credit facilities of NT$1,840,316 thousand and NT$1,855,125 thousand as at December 31, 2021 and December 31, 2020, respectively.

13. Provisions

	Warranty	
	Year ended December 31, 2021	Year ended December 31, 2020
Beginning of period	$37,864	$20,852
Additions in the current period	27,520	37,025
Utilization in the current period	(5,590)	(7,071)
Reversals in the current period	(47,877)	(12,942)
End of the period	$11,917	$37,864

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.

14. Post-employment benefit plans

Defined Contribution Plans

The retirement policy that the Company has established in accordance with the "Labor Pension Act" introduces a defined contribution plan. According to the Labor Pension Act, the Company is required to make monthly pension fund contributions at an amount no less than 6% of employee's monthly salary. The Company has established a set of employee retirement policy according to the Labor Pension Act, and has been making monthly contributions to employees' pension fund accounts held with the Bureau of Labor Insurance at 6% of salary.

The amounts of recognized pension expenses related defined to contribution plan for the years ended December 31, 2021 and 2020 were NT$22,874 thousand and NT$21,100 thousand respectively.

Defined Benefit Plans

The pension policy that the Company has established in accordance with the "Labor Standards Act" introduces a defined benefit plan. Employees' pension benefits were paid based on their years of service and their average salaries during the one month when retirement is approved. Employees are awarded 2 pension basis points for every year of service under (including) 15 years, and 1 pension basis point for every year of service above 15 years, subject to a maximum of 45 pension basis points. The Company makes monthly pension contributions equivalent to 2% of employees' monthly gross salaries in accordance with the Labor Standards Act. These contributions are deposited into the dedicated account held with the Bank of Taiwan in the name of Labor Pension Fund Supervisory Committee. The Company also evaluates the balance of the above-mentioned labor pension fund account before the end of each year. In the event that the account is estimated to be short of balance to pay the amount of estimated pension benefits to workers who are expected to meet their retirement criteria in the following year, the Company is required to reimburse the shortfall in one contribution before the end of March the following year.

(All amounts in NTD thousands unless otherwise specified)

Assets are allocated according to Ministry of Labor's Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Fund assets are managed through a combination of self-management and mandate, using both active and passive medium-to-longer term investment strategies. The Ministry of Labor has imposed risk limits and control measures on market, credit, and liquidity risks, so that fund assets are not exposed to excessive risk while being given the flexibility to achieve target returns. Plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks. Shortfalls may be reimbursed by the public treasury subject to approval of the authority. Since the Company is not involved in the operation and management of the fund, it is unable to disclose the fair value of plan assets according to IAS 19 Section 142. As at December 31, 2021, the Company expected to make contributions totaling NT$3,005 thousand to the defined benefit plan in the next year.

As at December 31, 2021 and 2020, weighted average duration of the Company's defined benefit obligations was 9 years and 12 years, respectively.

A breakdown of defined benefit plan costs recognized through profit or loss is explained in the chart below:

	Year ended December 31, 2021	Year ended December 31, 2020
Service costs for the current period	$2,886	$2,752
Net interest on net defined benefit liabilities (assets)	130	216
Service costs for the previous period	8,236	5,077
Total	$11,252	$8,045

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	December 31, 2021	December 31, 2020	January 1, 2020
Present value of defined benefit obligations	$159,873	$150,208	$137,419
Fair value of plan assets	(125,636)	(115,294)	(107,361)
Net defined benefit liabilities - non-current	$34,237	$34,914	$30,058

(All amounts in NTD thousands unless otherwise specified)

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2020	$137,419	$(107,361)	$30,058
Service costs for the current period	2,752	-	2,752
Interest expense (income)	989	(773)	216
Service costs for the previous period	5,077	-	5,077
Subtotal	146,237	(108,134)	38,103
Remeasurement of defined benefit liabilities (assets):			
Actuarial gains/losses due to change of demographic assumption	688	-	688
Actuarial gains/losses due to change of financial assumption	5,053	-	5,053
Adjustment based on past experience	1,567	(2,387)	(820)
Subtotal	7,308	(2,387)	4,921
Benefits paid	(3,337)	3,337	-
Employer's contribution	-	(8,110)	(8,110)
December 31, 2020	150,208	(115,294)	34,914
Service costs for the current period	2,886	-	2,886
Interest expense (income)	556	(426)	130
Service costs for the previous period	8,236	-	8,236
Subtotal	161,886	(115,720)	46,166
Remeasurement of defined benefit liabilities (assets):			
Actuarial gains/losses due to change of demographic assumption	426	-	426
Actuarial gains/losses due to change of financial assumption	(5,410)	-	(5,410)
Adjustment based on past experience	5,036	(995)	4,041
Subtotal	52	(995)	(943)
Benefits paid	(2,065)	2,065	-
Employer's contribution	-	(10,986)	(10,986)
December 31, 2021	$159,873	$(125,636)	$34,237

(All amounts in NTD thousands unless otherwise specified)

Below are the main assumptions used for the Company's defined benefit plan:

	December 31, 2021	December 31, 2020
Discount rate	0.68%	0.37%
Expected rate of salary increase	1.00%	1.00%

Sensitivity analysis per major actuarial assumption:

	2021		2020	
	Increase in defined benefit obligations	Decrease in defined benefit obligations	Increase in defined benefit obligations	Decrease in defined benefit obligations
0.5% increase in the discount rate	$-	$5,396	$-	$7,101
0.5% decrease in the discount rate	9,379	-	10,600	-
0.5% rise in the expected salary increase rate	9,298	-	10,477	-
0.5% fall in the expected salary increase rate	-	5,405	-	7,093

The above-mentioned sensitivity analysis shows how reasonable changes in a single actuarial estimate (e.g.: discount rate or expected salary) may affect defined benefit obligations while other assumptions remain unchanged. However, there are limitations to this approach, as some actuarial assumptions are intercorrelated and it is rare to see only one actuarial assumption change in practice.

Methodology and assumption for sensitivity analysis of current period is consistent with those of the previous period.

15. 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 December 31, 2021 and December 31, 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 two 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

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

According to regulations, capital surplus cannot 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 December 31, 2021, the Company had NT$144 thousand of special reserve that were provided due to first-time adoption of IFRS.

The Company's 2021 and 2020 earnings appropriation proposal and dividends per share were proposed and resolved during the board of directors meeting held on February 25, 2022 and annual general meeting held on July 9, 2021, respectively. Details are as presented below:

	Earnings appropriation plan		Dividends per share (NTD)	
	2021	2020	2021	2020
Legal reserve	$63,872	$45,401		
Special reserve	-	(61,935)		
Cash dividends on ordinary shares	597,745	457,349	$5.62	$4.30

Please refer to Note VI.19 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)

16. Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Revenues from sale of merchandise	$3,542,374	$2,681,753
Revenues from rendering of service	1,575,325	1,228,318
Other operating revenues	5,390	7,486
Total	$5,123,089	$3,917,557

Information relating to revenue from contracts with customers for the years ended December 31, 2021 and 2020:

(1) Breakdown of revenue

	Operating segment	
	Year ended December 31, 2021	Year ended December 31, 2020
Sales of merchandise	$3,542,374	$2,681,753
Rendering of service	1,575,325	1,228,318
Others	5,390	7,486
Total	$5,123,089	$3,917,557
Timing of revenue recognition:		
At a point in time	$3,547,764	$2,689,239
Over time	1,575,325	1,228,318
Total	$5,123,089	$3,917,557

(2) Contract balance

A. Contract assets - current

	December 31, 2021	December 31, 2020	January 1, 2020
Sales of merchandise and rendering of service	$187,000	$291,268	$203,839
Less: loss provisions	(11,027)	(12,173)	(11,828)
Total	$175,973	$279,095	$192,011

(All amounts in NTD thousands unless otherwise specified)

Major changes in the balance of contract assets for the years ended December 31, 2021 and 2020 are explained below:

	Year ended December 31, 2021	Year ended December 31, 2020
Amount of beginning balance reclassified into accounts receivable in the current period	$(268,800)	$(179,327)
Changes were measured based on level of completion	$164,532	$266,756

The Company assesses impairment according to IFRS 9. Please see Note VI.17 for information on loss provisions and Note XII for credit risk-related information.

B. Contract liabilities - current

	December 31, 2021	December 31, 2020	January 1, 2020
Sales of merchandise and rendering of service	$972,764	$981,388	$745,662

Major changes in the balance of contract liabilities for the years ended December 31, 2021 and 2020 are explained below:

	Year ended December 31, 2021	Year ended December 31, 2020
Amount of beginning balance reclassified into revenue in the current period	$(783,463)	$(464,329)
Current increase in advanced receipt (less amounts incurred and reclassified into revenue in the current period)	$774,839	$700,055

(3) Allocation of transaction price into unfulfilled contractual obligations

As at December 31, 2021, the Company had allocated NT$4,593,662 thousand of transaction price into unfulfilled (including partially unfulfilled) contractual obligations; 72.00% of which are expected to be recognized as revenue in 2022, whereas the remainder will be recognized as revenue on and after 2023.

(All amounts in NTD thousands unless otherwise specified)

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

None.

17. Expected credit impairment (loss) reversal gain

	Year ended December 31, 2021	Year ended December 31, 2020
Operating expenses - expected credit impairment (loss) reversal gain		
Contract assets	$(3)	$480
Accounts receivable	(140)	13,127
Installment accounts receivable	(1,045)	-
Total	$(1,188)	$13,607

Please see Note XII for credit risk-related information.

All of the Company's contract assets and receivable (including notes receivable, accounts receivable, and installment 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 December 31, 2021 and December 31, 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:

(All amounts in NTD thousands unless otherwise specified)

December 31, 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	$542,463	$39,565	$22,736	$1,721	$1,728	$25,112	$633,325
Loss ratio	1.1%	0.7%	0.5%	0.6%	0.9%	1.2%	
Lifetime expected credit losses	(6,213)	(275)	(118)	(11)	(15)	(311)	(6,943)
Net amount	$536,250	$39,290	$22,618	$1,710	$1,713	$24,801	$626,382

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	$-	$-	$-	$-	$5,089	$17,998
Loss ratio	100%	-	-	-	-	100%	
Lifetime expected credit losses	(12,909)	-	-	-	-	(5,089)	(17,998)
Net amount	$-	$-	$-	$-	$-	$-	$-

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	$616,340	$78,027	$10,607	$7,720	$1,248	$9,459	$723,401
Loss ratio	1.1%	0.7%	0.6%	0.5%	0.5%	2.1%	
Lifetime expected credit losses	(6,503)	(538)	(64)	(38)	(6)	(200)	(7,349)
Net amount	$609,837	$77,489	$10,543	$7,682	$1,242	$9,259	$716,052

(All amounts in NTD thousands unless otherwise specified)

Group 2 (Note 2)	Not past due (Note 1)	Past due: Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$12,909	$-	$-	$-	$-	$3,940	$16,849
Loss ratio	100%	-	-	-	-	100%	
Lifetime expected credit losses	(12,909)	-	-	-	-	(3,940)	(16,849)
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 Company 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.

Changes in loss provisions on contractual assets, notes receivable, and accounts receivable for the years ended December 31, 2021 and 2020 are explained below:

	Contract assets	Accounts receivable	Installment accounts receivable
January 1, 2021	$12,173	$4,976	$7,049
Net provisions for the current period	3	140	1,045
Actual write-offs	-	(445)	-
Reclassification	(1,149)	1,149	-
December 31, 2021	$11,027	$5,820	$8,094
January 1, 2020	$11,828	$18,928	$7,049
Net recognitions (reversals) for the current period	(480)	(13,127)	-
Reclassification	825	(825)	-
December 31, 2020	$12,173	$4,976	$7,049

(All amounts in NTD thousands unless otherwise specified)

18. Lease

(1) Where the Company is the lessee

The Company 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 Company's financial position, financial performance, and cash flow are explained below:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Book value of right-of-use assets

	December 31, 2021	December 31, 2020
Buildings	$17,974	$26,698
Transportation equipment	2,904	4,192
Office equipment	1,424	3,451
Total	$22,302	$34,341

Right-of-use assets increased by NT$3,304 thousand and NT$7,985 thousand for the years ended December 31, 2021 and 2020, respectively.

(b) Lease liabilities

	December 31, 2021	December 31, 2020
Lease liabilities	$22,943	$35,007
Current	$11,232	$14,147
Non - current	11,711	20,860
Total	$22,943	$35,007

Please see Note VI.20(4) - Financial cost for interest expenses on lease liabilities for the year ended December 31, 2021, and Note XII.5 - Liquidity risk management for maturity analysis of lease liabilities as at December 31, 2021.

(All amounts in NTD thousands unless otherwise specified)

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	Year ended December 31, 2021	Year ended December 31, 2020
Buildings	$8,724	$8,723
Transportation equipment	4,223	6,545
Office equipment	2,396	1,872
Total	$15,343	$17,140

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

	Year ended December 31, 2021	Year ended December 31, 2020
Short-term lease expense	$2,550	$2,431

D. Cash outflow relating to lease activities as a lessee

The Company incurred NT$18,510 thousand and NT$20,115 thousand of lease-related cash outflow for the years ended December 31, 2021 and 2020.

(All amounts in NTD thousands unless otherwise specified)

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

By function / By nature	Year ended December 31, 2021			Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses	$75,329	$583,877	$659,206	$66,954	$549,431	$616,385
Wages and salaries	64,685	495,896	560,581	57,844	469,578	527,422
Labor and national health insurance expenses	5,605	41,112	46,717	4,706	35,724	40,430
Pension expenses	3,331	30,795	34,126	2,830	26,315	29,145
Directors' remuneration	-	712	712	-	842	842
Other employee benefit expenses	1,708	15,362	17,070	1,574	16,972	18,546
Depreciation expenses	-	32,694	32,694	-	33,009	33,009
Amortization expenses	-	8,326	8,326	-	3,240	3,240

Note:

1. As of December 31, 2021 and 2020, the company had 546 and 515 employees respectively; the number of directors without concurrent role as employee was 7 in 2021 and 7 in 2020.
2. Average employee benefit expenses recognized for the years ended December 31, 2021 and 2020 totaled NT$1,223 thousand and NT$1,212 thousand, respectively.
3. Average employee salary expenses recognized for the years ended December 31, 2021 and 2020 totaled NT$1,040 thousand and NT$1,038 thousand, respectively.
4. Change in average employee salary expenses was calculated at 0%.
5. Supervisors' remuneration was NT$0 for both the years ended December 31, 2021 and 2020. Furthermore, the Company has established an Audit Committee in place of supervisors since May 2019.
6. The Company's salary and remuneration policy is as follows:
   (1) Employees:
   The Company has developed competitive overall remuneration policies after taking into account the company’s overall remuneration positioning in the market, with the reference to the results of industry remuneration surveys, comprehensively

consideration of the internal fairness and external competitiveness of the organization, to secure the Company's competitive advantage with respect to human resource.

A. Industry survey on salary policy
The purpose of industry survey on salary policy is to understand changes in the external labor market to ensure the Company can maintain its salary level at a certain degree of external competitiveness. Based on the survey outcome, the Company evaluates differences between its current salary payment level and the market level, as basis for the adjustments of salary level and salary combination form and structure.

B. Internal fairness of salary policy
Based on employees' job category, professional knowledge and technology, job scope and relative contribution to the Company’s value, the Company flexibly designs an overall reward policy that offers a combination of financial and non-financial rewards. This policy uses bonus incentives as a means to raise the company’s operation, teams, and individual performance.

(2) Directors:
According to the Company’s Articles of Incorporation: when the Company makes a profit for the year, the remuneration to directors shall not be higher than 5% of the balance. the board of directors is authorized to determine the level of remuneration to directors based on individual participation and contribution to the Company's operations, and in reference to the usual level of industry peers. Travel allowance is the only form of fixed compensation paid to directors, and no variable compensation is paid.

Independent directors are compensated primarily based on operating result and their individual contributions to the company’s performance, which are positively related to the individual responsibilities for operation of the Company and overall performance. The Company has maintained operating and profit performance above a certain level, and exhibits relatively low risk. Independent directors are paid fixed amount of service fee for every meeting attended. Compensation policies are examined whenever deemed appropriate to conform with actual operating conditions and relevant regulations, and to seek the balance between the Company’s sustainable operation and risk control.

(3) Managers:

According to the Company's Articles of Incorporation, when the Company makes a profit for the year, the remuneration to employee shall not be higher than 3% of the balance. Managers' remuneration includes salary and bonus. The amount of remuneration paid to each manager is determined by the Remuneration Committee after taking into consideration their education and career background, authority and responsibilities of the position, individual performance, overall contribution to corporate operations, overall performance of the Company, and peer levels. The compensation procedures shall proceed according to Article 29 of the Company Act.

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 2021 were estimated at NT$37,100 thousand and NT$0 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. Employee remuneration and director/supervisor remuneration for the year ended December 31, 2020 were estimated at NT$38,900 thousand and NT$0 thousand, respectively, based on profitability of that particular year. The abovementioned amounts were presented under salary expense at the time of estimation, and 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.

The board of directors passed a resolution on February 25, 2022 to pay the 2021 employee remuneration and director remuneration at NT$37,100 thousand and NT$0 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2021 financial statements.

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

(All amounts in NTD thousands unless otherwise specified)

20. Non-operating income and expenses

(1) Interest income

	Year ended December 31, 2021	Year ended December 31, 2020
Financial assets at amortized costs	$8,202	$7,936

(2) Other income

	Year ended December 31, 2021	Year ended December 31, 2020
Rental income	$1,879	$2,404
Dividend income	1,819	1,814
Other income - others	10,135	23,075
Total	$13,833	$27,293

(3) Other gains and losses

	Year ended December 31, 2021	Year ended December 31, 2020
Gain on disposal of property, plant, and equipment	$-	$124
Net gains on currency exchange	3,504	593
Gains on financial assets at fair value through profit or loss	2,577	2,590
Others	(3,200)	(1)
Total	$2,881	$3,306

(4) Finance costs

	Year ended December 31, 2021	Year ended December 31, 2020
Interest expenses on bank loans	$824	$688
Interest expenses on lease liabilities	593	812
Total	$1,417	$1,500

(All amounts in NTD thousands unless otherwise specified)

21. Composition of other comprehensive income

Composition of other comprehensive income for the year ended December 31, 2021 is explained below:

	Arising in 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:					
Remeasurement of defined benefit plan	$944	$-	$944	$(189)	$755
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	1,501	-	1,501	-	1,501
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	6,216	-	6,216	-	6,216
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	1,576	-	1,576	-	1,576
Total other comprehensive income (loss) for the current period	$10,237	$-	$10,237	$(189)	$10,048

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the year ended December 31, 2020 is explained below:

	Arising in 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:					
Remeasurement of defined benefit plan	$(4,921)	$-	$(4,921)	$984	$(3,937)
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	4,276	-	4,276	-	4,276
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	9,497	-	9,497	-	9,497
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(2,867)	-	(2,867)	-	(2,867)
Total other comprehensive income (loss) for the current period	$5,985	$-	$5,985	$984	$6,969

(All amounts in NTD thousands unless otherwise specified)

22. Income tax

Main components of income tax expense for the years ended December 31, 2021 and 2020 are explained below:

Income tax recognized in profit or loss

	Year ended December 31, 2021	Year ended December 31, 2020
Current income tax expense:		
Current income tax payable	$115,428	$67,503
Adjustment of current income tax of previous years	(6,547)	(8,274)
Deferred income tax expenses (benefits):		
Deferred income tax expenses (benefits) relating to the origination and reversal of temporary differences	9,473	7,260
Others	3	-
Income tax expenses	$118,357	$66,489

Income tax recognized under other comprehensive income

	Year ended December 31, 2021	Year ended December 31, 2020
Deferred income tax expense:		
Current income tax payable	$(189)	$984

Reconciliation of income tax expense and the amount of accounting profit multiplied with applicable income tax rate:

	Year ended December 31, 2021	Year ended December 31, 2020
Income before income tax from continuing operations	$756,519	$564,107
Tax amount calculated by applying the domestic statutory tax rate of related countries	$151,304	$112,821

(All amounts in NTD thousands unless otherwise specified)

Tax effects of non-deductible expenses	(26,107)	(19,307)
Tax effects of deferred income tax assets/liabilities	(296)	(18,751)
Adjustment of current income tax of previous years	(6,547)	(8,274)
Others	3	-
Total income tax expense recognized in profit or loss	$118,357	$66,489

Balance of deferred income tax assets (liabilities) relating to the items below:

Year ended December 31, 2021

	Beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	End of period
Temporary difference				
Valuation of financial assets at fair value through profit or loss	$(518)	$518	$-	$-
Investments accounted for using the equity method	(46,932)	(4,865)	-	(51,797)
Employee benefits payable	4,673	(394)	-	4,279
Net defined benefit liabilities - non-current	6,983	53	(189)	6,847
Unrealized (gains) losses on currency exchange	(39)	166	-	127
Excess allowance for doubtful accounts	3,622	238	-	3,860
Provisions	7,573	(5,189)	-	2,384
Deferred income tax (expense) benefit		$(9,473)	$(189)	
Net deferred income tax assets (liabilities)	$(24,638)			$(34,300)
Information presented under the balance sheet:				
Deferred income tax assets	$22,851			$17,497
Deferred income tax liabilities	$(47,489)			$(51,797)

(All amounts in NTD thousands unless otherwise specified)

Year ended December 31, 2020

	Beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	End of period
Temporary difference				
Valuation of financial assets at fair value through profit or loss	$-	$(518)	$-	$(518)
Investments accounted for using the equity method	(38,448)	(8,484)	-	(46,932)
Employee benefits payable	4,159	514	-	4,673
Net defined benefit liabilities - non-current	6,012	(13)	984	6,983
Unrealized gain on exchange	(457)	418	-	(39)
Excess allowance for doubtful accounts	4,170	(548)	-	3,622
Provisions	6,202	1,371	-	7,573
Deferred income tax (expense) benefit		$(7,260)	$984	
Net deferred income tax assets (liabilities)	$(18,362)			$(24,638)
Information presented under the balance sheet:				
Deferred income tax assets	$20,543			$22,851
Deferred income tax liabilities	$(38,905)			$(47,489)

Items not recognized as deferred income tax asset

As at December 31, 2021 and 2020, the entity had NT$660 thousand and NT$956 thousand, respectively, that were not recognized as deferred income tax assets.

Assessment of income tax return

As at December 31, 2021, the Company's income tax returns had been certified up to 2019.

23. 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.

	Year ended December 31, 2021	Year ended December 31, 2020
(1) Basic earnings per share		
Current net income (NTD thousands)	$638,162	$497,618
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291
Basic earnings per share (NTD)	$6.00	$4.68
(2) Diluted earnings per share		
Current net income (NTD thousands)	$638,162	$497,618
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291
Dilutive effect:		
Employee remuneration (shares)	600,043	684,174
Weighted average outstanding ordinary shares after adjustment for dilutive effect (shares)	106,960,334	107,044,465
Diluted earnings per share (NTD)	$5.97	$4.65

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

Transactions with related parties during the financial reporting period:

Name of related party	Relationship with the Company
Stark Technology Inc. (U.S.A.)	The Company's associated company
SRAIN Investment Co., Ltd.	The Company's associated company
Stark Inforcom Inc.	The Company's associated company
Shanghai Stark Technology Inc.	The Company's associated company
STARK (NINGBO) Technology Inc.	The Company's associated company

1. Sales

	Year ended December 31, 2021	Year ended December 31, 2020
The Company's associated company	$17,249	$8,703

Sales to related parties are priced by adding a 3%-20% markup to cost, through negotiation, or at 90%-99% of normal retail price. Sales to related parties are collected 30-120 days after inspection; sales to non-related parties are collected 30-90 days after inspection.

2. Purchase

	Year ended December 31, 2021	Year ended December 31, 2020
The Company's associated company	$18,808	$88,150

Purchases from related parties are priced by adding a 3%-30% markup to cost or through negotiation. Purchases from related parties are paid 7-30 days after delivery or 30-120 days after inspection; purchases from non-related parties are paid 30-60 days after month-end of the following month.

(All amounts in NTD thousands unless otherwise specified)

3. Accounts receivable - related parties

	December 31, 2021	December 31, 2020
The Company's associated company	$2,157	$-
Less: loss provisions	-	-
Net amount	$2,157	$-

4. Accounts payable - related parties

	December 31, 2021	December 31, 2020
The Company's associated company	$1,338	$3,848

5. Rental income

	Year ended December 31, 2021	Year ended December 31, 2020
The Company's associated company	$1,867	$2,392

6. Other income

	Year ended December 31, 2021	Year ended December 31, 2020
The Company's associated company	$11	$142

7. Other expense

	Year ended December 31, 2021	Year ended December 31, 2020
The Company's associated company	$121	$203

8. Compensation for key management of the Company

	Year ended December 31, 2021	Year ended December 31, 2020
Short-term employee benefits	$77,003	$87,726
Post-employment benefits - pension	2,673	2,622
Total	$79,676	$90,348

(All amounts in NTD thousands unless otherwise specified)

(VIII) Pledged assets

The Company had placed the following assets as collaterals:

Item	December 31, 2021	December 31, 2020	Details of debts secured
Other financial assets - current	$1,365	$838	Performance guarantee
Other financial assets - non-current	6,842	9,092	Performance guarantee
Total	$8,207	$9,930	

(IX) Significant contingent liabilities and unrecognized contract commitments

1. The Company had engaged financial institutions to provide NT$39,684 thousand of performance and customs guarantee for various projects.

2. The Company had issued NT$35,954 thousand of guaranteed notes to customers and banks to secure sales and borrowing limits.

(X) Losses from Major Disasters

None.

(XI) Significant Subsequent Events

None.

(All amounts in NTD thousands unless otherwise specified)

(XII) Others

1. Types of financial instrument

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$-	$12,590
Financial assets at fair value through other comprehensive income	53,471	50,070
Financial assets at amortized costs		
Cash and cash equivalents (excluding cash on hand)	794,593	803,691
Receivables	386,446	353,298
Long-term receivables	68,546	86,042
Other financial assets	8,207	9,930
Refundable deposits	120,488	100,072
Subtotal	1,378,280	1,353,033
Total	$1,431,751	$1,415,693
Financial liabilities		
Financial liabilities at amortized costs:		
Short-term loans	$70,000	$-
Payables	890,036	939,877
Lease liabilities	22,943	35,007
Guarantee deposits	2,696	1,705
Total	$985,675	$976,589

2. Purpose and policy of financial risk management

The Company 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 Company's policies and risk preference.

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

Some of the Company's foreign currency receivables and foreign currency payables are denominated in the same currencies, which create natural hedge to some extent. However, the Company 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 Company 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 Company's profits and equity. Exchange rate risks of the Company are mainly attributed to the volatility of USD currency. Sensitivity analysis for the currency is provided below:

If NTD strengthened/weakened against USD by 1%, profits for the years ended December 31, 2021 and 2020 would have decreased/increased by NT$104 thousand and increased/decreased NT$74 thousand, whereas equity would have decreased/increased NT$117 thousand and NT$130 thousand, respectively.

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 Company's exposure to interest rate risk arises mainly from loans borrowed at floating rate. However, given that the Company currently has no such loan outstanding, it is not exposed to any material interest rate risk.

Equity price risk

The Company 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 Company are classified as equity instruments at fair value through other comprehensive income. The Company 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 Company'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 investments in equity instruments at fair value through other comprehensive income would have affected the Company's equity by NT$5,152 thousand and NT$5,007 thousand for the years ended December 31, 2021 and 2020, respectively.

4. Credit risk management

Credit risk refers to the possibility of financial losses suffered due to counterparties becoming unable to fulfill contractual obligations. The Company'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 Company 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 Company's internal rating standards, etc. The Company uses credit enhancement tools (such as advanced receipt and insurance) at appropriate times to minimize credit risk of specific counterparties.

(All amounts in NTD thousands unless otherwise specified)

The Company's top 10 customers accounted for 16% and 24% of total contract assets and accounts receivable balance as at December 31, 2021, and December 31, 2020, respectively. Judging by the above, there was no concentration of credit risk in the Company's contract assets and accounts receivable.

The Finance Department manages credit risk of bank deposits and other financial instruments according to Company policies. All counterparties of the Company 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 Company 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	December 31, 2021	December 31, 2020
Simplified approach (Note)	(Note)	Lifetime expected credit losses	$651,323	$740,250

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

5. Liquidity risk management

The Company 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 Company 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.

(All amounts in NTD thousands unless otherwise specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
December 31, 2021					
Short-term loans	$70,066	$-	$-	$-	$70,066
Payables	890,036	-	-	-	890,036
Lease liabilities	11,577	11,808	64	-	23,449
December 31, 2020					
Payables	$939,877	$-	$-	$-	$939,877
Lease liabilities	14,694	19,154	2,171	-	36,019

Derivative instruments

The Company held no derivative instrument as at December 31, 2021 and 2020.

6. Reconciliation of liabilities relating to financing activities

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2021	$-	$1,705	$35,007	$36,712
Non - cash movement	-	-	3,896	3,896
Cash flow	70,000	991	(15,960)	55,031
December 31, 2021	$70,000	$2,696	$22,943	$95,639

(All amounts in NTD thousands unless otherwise specified)

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2020	$30,190	$3,320	$43,894	$77,404
Non - cash movement	-	-	8,797	8,797
Cash flow	(30,190)	(1,615)	(17,684)	(49,489)
December 31, 2020	$-	$1,705	$35,007	$36,712

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 Company 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, Short-term 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 cannot 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.

(All amounts in NTD thousands unless otherwise specified)

(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:

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Instruments measured at fair value through other comprehensive income				
Stock	$51,521	$-	$1,950	$53,471

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
Equity instruments measured at fair value through other comprehensive income				
Stock	$50,070	$-	$-	$50,070

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 years ended December 31, 2021 and 2020 that involved assets or liabilities with fair value measured on a recurring basis.

(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 Company had the following significant foreign currency -denominated financial assets and liabilities:

Unit: thousand dollars

	December 31, 2021		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,969	27.61	$81,974
SGD	90	20.34	1,821
Investments accounted for using the equity method			
USD	423	27.61	11,688
Financial liabilities			
Monetary items:			
USD	150	27.61	4,131

	December 31, 2020		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$1,119	28.04	$31,382
SGD	104	21.15	2,208
Investments accounted for using the equity method			
USD	462	28.04	12,956
Financial liabilities			
Monetary items:			
USD	637	28.04	17,848

Due to the broad diversity of functional currencies used, the Company was unable to disclose exchange gains/losses on monetary financial assets and liabilities separately for each significant foreign currency. The Company incurred NT$ 3,504 thousand and NT$ 593 thousand of gains on currency exchange for the years ended December 31, 2021 and 2020, respectively.

10. Capital management

The primary goals of the Company’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 Company manages and adjusts capital structure based on changes in economic circumstances. The Company 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	$1,509,936	$71,163	$-	$-	-	-%	$1,509,936	Y	-	-
0	The Company	STARK (NINGBO) Technology Inc.	2	1,509,936	129,420	-	-	-	-%	1,509,936	Y	-	Y
1	Stark Inforcom Inc.	The Company	4	257,091	38,526	19,500	19,500	-	0.65%	514,182	-	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.	TWSE-listed stock	ITEQ Corporation	-	Financial assets at fair value through other comprehensive income - non-current	$362,829	$51,521	0.09%	$51,521
	Stock	DWINS Digital Service Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,151	-	0.04%	-
	Stock	Cloud Intelligent Operation Technology Co., Inc	Stark Technology Inc. serves as a director for Cloud Intelligent Operation Technologies 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	26,641	0.05%	26,641
	TWSE-listed stock	Zero One Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,054,422	46,395	0.83%	46,395
	TPEX-listed stock	Genesis Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	28,000	1,381	0.04%	1,381
	TPEX-listed stock	Dimerco Data System Corporation	-	Financial assets at fair value through other comprehensive income - non-current	30,799	2,162	0.04%	2,162
	Stock	Hua Chih Venture Capital Corp.	SRAIN Investment Co., Ltd. serves as a director for Hua Chih Venture Capital Corp.	Financial assets at fair value through other comprehensive income - non-current	16,304	163	3.26%	163
	Stock	Incomm Technologies Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30	-	0.01%	-

(All amounts in NTD thousands unless otherwise specified)

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
	Stock	LOLA Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,450,000	14,000	15.78%	14,000

(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:

Year ended December 31, 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 total revenues or total assets (Note 3)
0	Stark Technology Inc.	Stark Technology Inc. (USA)	1	Purchase	$1,789	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.03%
				Accounts payable	183		-%
0	Stark Technology Inc.	Stark Inforcom Inc.	1	Sales revenue	13,423	Selling price is determined at 90%-99% of general selling price or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.20%
				Accounts receivable	767		0.01%
				Purchase	17,019	Purchase price is determined by applying a 3%-20% markup on cost or through negotiation. Payment term is 30-120 days after acceptance inspection.	0.26%
				Accounts payable	1,155		0.02%
				Rental income	1,753	-	0.03%
				Other income	11	-	-%
0	Stark Technology Inc.	Stark Inforcom Inc.	1	Other expense	$121	-	-%
0	Stark Technology Inc.	STARK (NINGBO) Technology Inc.	1	Sales revenue	3,826	Selling price is determined by applying a 3%-20% markup on cost or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.06%
				Accounts receivable	1,390		0.02%
0	Stark Technology Inc.	SRAIN Investment Co., Ltd.	1	Rental income	114	-	-%
1	Stark Inforcom Inc.	Stark Technology Inc. (USA)	3	Purchase	387	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.01%

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 year ended December 31, 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	$1,381 (USD50,000)	$1,381 (USD50,000)	500,000	100.00%	$11,646	$(1,085)	$(1,089)	-
Stark Technology Inc.	SRAIN Investment Co., Ltd.	Note 3	General investment	410,967	410,967	-	100.00%	626,547	128,300	128,300	-
Stark Technology Inc.	Pacific Ace Holding International Ltd.	Note 4	General investment	82,830 (USD3,000,000)	82,830 (USD3,000,000)	3,000,000	100.00%	321,252	25,449	25,449	-
Stark Technology Inc.	Stark Information (Hong Kong) Limited	Note 5	Trading of computer equipment and software	1,933 (USD70,000)	-	70,000	100.00%	1,900	(33)	(33)	-
SRAIN Investment Co., Ltd.	S-Rain Investment Ltd.	Note 6	General investment	22,088 (USD800,000)	22,088 (USD800,000)	800,000	100.00%	15,425	4,846	-	-
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Note 7	Trading of computer-related products	370,000	370,000	37,000,000	100.00%	514,182	121,618	-	-
Pacific Ace Holding International Ltd.	Profit Reap International Limited	Note 4	General investment	82,830 (USD3,000,000) (Note 8)	82,830 (USD3,000,000) (Note 8)	3,000,000	100.00%	321,575	25,449	-	-

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, CA95131, 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 December 31, 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)	$82,830 (USD3,000,000)	-	-	$82,830 (USD3,000,000) (Note 1)	$25,449 (Note 4. (II), 2)	100.00%	$25,449 (Note 4. (II), 2)	$321,847	-
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)	32,028 (USD1,160,000)	-	-	32,028 (USD1,160,000)	4,846 (Note 4. (II), 2)	100.00%	4,846 (Note 4. (II), 2)	15,414	-
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)	82,830 (USD3,000,000)	-	-	82,830 (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
$197,688 (USD7,160,000) (Note 3)	$197,688 (USD7,160,000) (Note 3)	$1,811,924(Note 5)

Note 1: As at December 31, 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 December 31, 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.

Stark Technology Inc.

1. Statement of cash and cash equivalents

December 31, 2021

Unit: NTD thousands

Item	Summary	Amount	Remarks
Petty cash		$ 155	1. None of the bank deposits shown on the left was pledged as collateral.
Check and current deposits	USD 2,741 thousand JPY 2 thousand SGD 90 thousand RMB 2 thousand	794,593	2. Exchange rate as at December 31, 2021: 1. USD1 = NT$27.61 2. JPY1 = NT$0.2383 3. SGD1 = NT$20.34 4. RMB1 = NT$4.314
Total		$ 794,748	

Stark Technology Inc.

2. Statement of net notes receivable

December 31, 2021

Unit: NTD thousands

Name of customer	Summary	Amount	Remarks
Notes receivable			Notes receivable shown on the left had arisen from business activities.
Tah Hsin Industrial Corp.		$ 1,746	
Holtek Semiconductor Inc.		798	
Capital Gateway Securities Investment Consulting Enterprise Limited		632	
UniPattern Corporation		305	
Others	No single account represented more than 5% of total outstanding balance	404	
Total		3,885	
Less: loss provisions		-	
Net amount		$ 3,885	

Stark Technology Inc.

3. Statement of net accounts receivable (including related parties) and contractual assets

December 31, 2021

Unit: NTD thousands

Name of customer	Summary	Amount	Remarks
Accounts receivable			Accounts receivable shown on the left had arisen from business activities.
United Microelectronics Corporation		$ 36,223	
Others	No single account represented more than 5% of total outstanding balance	478,945	
Subtotal		515,168	
Less: loss provisions		(16,847)	
Net amount		498,321	
Accounts receivable - related parties			
Stark Inforcom Inc.		767	
STARK (NINGBO) Technology Inc.		1,390	
Subtotal		2,157	
Total		$ 500,478	

Stark Technology Inc.

4. Statement of net installments receivable

December 31, 2021

Unit: NTD thousands

Name of customer	Summary	Amount		Remarks
Installment accounts receivable				Installments receivable shown on the left had arisen from business activities.
Taiwan Blood Services Foundation		$	79,989	
Walsin Technology Corporation			15,454	
Silicon Motion Technology Corporation.			11,269	
Continental Engineering Corporation			8,550	
Chunghwa Picture Tubes, Ltd.			7,049	
Others	No single account represented more than 5% of total outstanding balance		16,821	
Total			139,132	
Less: Unrealized interest income			(9,019)	
Less: loss provisions			(8,094)	
Net installments receivable			122,019	
Less: Installments receivable maturing within one year			(53,473)	
Installments receivable maturing after one year		$	68,546	

Stark Technology Inc.

5. Statement of other receivables

December 31, 2021

Unit: NTD thousands

Item	Summary	Amount		Remarks
Other receivables		$	4,513	
Interest receivable			70	
Total		$	4,583	

Stark Technology Inc.

6. Statement of net inventories

December 31, 2021

Unit: NTD thousands

Item	Summary	Amount		Remarks
		Cost	Net realizable value	
Merchandise inventories		$ 1,776,016	$ 1,878,493	1. None of the inventories shown on the left were pledged as collateral. 2. Inventory is measured at the lower of cost or net realizable value; allowance for obsolescence is made on obsolete inventory.
Less: Allowance for inventory devaluation and obsolescence		(3,275)		
Net amount		$ 1,772,741		

Stark Technology Inc.

7. Statement of other financial assets - current and non-current

December 31, 2021

Unit: NTD thousands

Item	Summary	Amount	Remarks
Pledged time deposit - current	Tenor: 2014/2/17 - 2022/10/31 Interest rate: 0.76%-0.78%	$ 1,365	See Note VIII of the financial statements for details on time deposits pledged as collateral.
Pledged time deposit - non-current	Tenor: 2014/11/19 - 2023/12/3 Interest rate range: 0.78%	6,842	
Total		$ 8,207	

Stark Technology Inc.

8. Statement of prepayments, Other current assets, and Refundable deposits

December 31, 2021

Unit: NTD thousands

Item	Summary	Amount		Remarks
Prepayments				
Prepaid purchases		$	365,037	
Prepaid expenses			2,083	
Tax credit			35,759	
Total		$	402,879	
Other current assets				
Employee loans		$	1,250	
Refundable deposits - current	(Tender bond, warranty bond, performance bond etc.)	$	62,528	

Stark Technology Inc.
9. Statement of changes in investments accounted for using the equity method
January 1 to December 31, 2021

Unit: NTD thousands

Name	Beginning of period		Current period increase		Current period decrease		End of period			Net equity		Collateralized or pledged	Remarks
	Number (lot) of shares	Amount	Number (lot) of shares	Amount	Number (lot) of shares	Amount	Number (lot) of shares	Percentage of shareholding	Amount	Unit price (NTD)	Total		
Long-term equity investments accounted for using the equity method													
Ordinary share													
Stark Technology Inc. (U.S.A)	500,000	$ 12,918	-	$ -	-	$ (1,272)	500,000	100.00%	$ 11,646	$ 23.29	$ 11,646	None	Note 1
Pacific Ace Holding International Ltd.	3,000,000	294,056	-	27,196	-	-	3,000,000	100.00%	321,252	107.08	321,252	None	Note 2
SRAIN Investment Co., Ltd.	-	571,609	-	134,550	-	(79,612)	-	100.00%	626,547	-	626,547	None	Note 3
STARK INFORMATION (HONG KONG) LIMITED	-	-	70,000	1,955	-	(55)	70,000	100.00%	1,900	27.14	1,900	None	Note 4
Total		$ 878,583		$ 163,701		$ (80,939)			$ 961,345				

Note 1: Decrease in the current period is explained by NT$1,089 thousand of loss on investment accounted for using the equity method, and NT$183 thousand of exchange differences on translation of foreign operations.

Note 2: Increase in the current period is explained by NT$25,449 thousand of gain on investment accounted for using the equity method, and NT$1,747 thousand of exchange differences on translation of foreign operations.

Note 3: Increase in the current period is explained by NT$128,300 thousand of gain on investment accounted for using the equity method, NT$6,216 thousand of gain on financial assets at fair value through other comprehensive income, and NT$34 thousand of exchange differences on translation of foreign operations.
Decrease in the current period is explained by dividends totaling NT$79,612 thousand.

Note 4: Decrease in the current period is explained by NT$33 thousand of loss on investment accounted for using the equity method, and NT$22 thousand of exchange differences on translation of foreign operations.

Stark Technology Inc.

10. Statement of financial assets at fair value through profit or loss variation

January 1 to December 31, 2021

Unit: NTD thousands

Name	Beginning of period		Current period increase		Current period decrease		Unrealized gains (losses) on valuation of financial assets at fair value through profit or loss	End of period		Collateralized or pledged	Remarks
	Unit	Amount	Unit	Amount	Unit	Amount		Unit	Amount		
Yuanta Taiwan High-yield Leading Company Fund	1,000,000	$ 12,590	-	$ -	(1,000,000)	$ (10,000)	$ (2,590)	-	$ -	None	
Total		$ 12,590		$ -		$ (10,000)	$ (2,590)		$ -		

Stark Technology Inc.

11. Statement of financial assets at fair value through other comprehensive income variation

January 1 to December 31, 2021

Unit: NTD thousands

Name	Beginning of period		Current period increase		Current period decrease		Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income	End of period		Collateralized or pledged	Remarks
	Number (lot) of shares	Amount	Number (lot) of shares	Amount	Number (lot) of shares	Amount		Number (lot) of shares	Amount		
Shares of listed companies											
ITEQ Corporation	362,829	$ 50,070	-	$ -	-	$ -	$ 1,451	362,829	$ 51,521	None	
Ordinary shares											
DWINS Digital Service Corp.	1,151	-		-	-	-	-	1,151	-	None	
NexPower Technology Corp.	5,014	-		-	(5,014)	(50)	50	-	-	None	
Cloud Intelligent Operation Technologies Co., Inc	-		195,000	1,950	-	-	-	195,000	1,950	None	
Total		$ 50,070		$ 1,950		$ (50)	$ 1,501		$ 53,471		

12. Property, plant, and equipment variation account:
    See Note VI.9 for more details.
13. Property, plant, and equipment accumulated depreciation variation account:
    See Note VI.9 for more details.
14. Intangible asset variation account:
    See Note VI.10 for more details.

Stark Technology Inc.

15. Statement of right-of-use asset and accumulated depreciation of right-of-use asset variation

January 1 to December 31, 2021

Unit: NTD thousands

Item	Beginning of period	Current period increase	Current period decrease	End of period	Remarks
Cost:					
Buildings	$ 43,261	$ -	$ (580)	$ 42,681	
Transportation equipment	18,354	2,935	(14,235)	7,054	
Office equipment	5,983	369	(3,384)	2,968	
Subtotal	67,598	3,304	(18,199)	52,703	
Depreciation:					
Buildings	16,563	8,724	(580)	24,707	
Transportation equipment	14,162	4,223	(14,235)	4,150	
Office equipment	2,532	2,396	(3,384)	1,544	
Subtotal	33,257	15,343	(18,199)	30,401	
Net book value	$ 34,341	$ (12,039)	$ -	$ 22,302	

Stark Technology Inc.

16. Statement of other assets

December 31, 2021

Unit: NTD thousands

Item	Summary	Subtotal	Amount	Remarks
Refundable deposits - non-current	Tender bonds and performance bonds recoverable more than one year later		$ 57,960	
Net long-term installments receivable			68,546	Please see Note VI.5 of the financial statements
Total			$ 126,506	

Stark Technology Inc.

17. Statement of short-term loans

December 31, 2021

Unit: NTD thousands

Loan category	Explanation	Total loan balance	Contract duration	Interest rate	Financing limit	Collateralized or pledged	Remarks
Unsecured loan							
Bank of Taiwan		$40,000	2021/10/28-2022/01/26	0.85%	$ 100,000	None	
Shin Kong Bank		30,000	2021/11/01-2022/02/01	0.85%	150,000	None	
Total		$70,000					

Stark Technology Inc.

18. Statement of notes payable

December 31, 2021

Unit: NTD thousands

Name of supplier	Summary	Amount	Remarks
SYSTEX Corporation Hsinchu Branch		$ 396	Notes payable shown on the left had arisen from business activities.
Jetwell Computer Co., Ltd.		105	
Datek Electronics Co., Ltd.		84	
Hotai Leasing Corporation		80	
Ta Cheng Corporation		65	
Yuanta Securities Co., Ltd.		50	
Others	No single account represented more than 5% of total outstanding balance	159	
Total		$ 939	

Stark Technology Inc.

19. Statement of accounts payable

December 31, 2021

Unit: NTD thousands

Name of supplier	Summary	Amount	Remarks
Sysage Technology Co., Ltd.		$ 88,551	Accounts payable shown on the left had arisen from business activities.
Zero One Technology Co., Ltd.		82,814	
IBM Taiwan Corporation		76,806	
Bestcom Infotech Corp.		64,224	
Others	No single account represented more than 5% of total outstanding balance	344,049	
Total		$ 656,444	

Stark Technology Inc.

20. Statement of accounts payable - related parties

December 31, 2021

Unit: NTD thousands

Name of supplier	Summary	Amount		Remarks
Accounts payable - related parties				Related party payables shown on the left had arisen from business activities.
Stark Inforcom Inc.		$	1,155	
Stark Technology Inc. (USA)			183	
Total		$	1,338	

Stark Technology Inc.

21. Statement of other payables

December 31, 2021

Unit: NTD thousands

Item	Summary	Amount	Remarks
Salary and bonus payable		$ 144,127	
Employee remuneration payable		37,100	
Others	No single account represented more than 5% of total outstanding balance	50,088	
Total		$ 231,315	

Stark Technology Inc.

22. Statement of contract liabilities - current and other current liabilities

December 31, 2021

Unit: NTD thousands

Item	Summary	Amount		Remarks
Contract liabilities - current		$	972,764	
Other current liabilities				
Temporary receipt		$	324	
Receipts under custody			73,481	
Total		$	73,805	

Stark Technology Inc.

23. Statement of lease liabilities

December 31, 2021

Unit: NTD thousands

Item	Lease tenor	Discount rate	End of period	Remarks
Buildings	2014/07/01-2024/06/30	2%	$ 18,678	
Transportation equipment	2019/07/26-2024/03/31	2%	2,950	
Office equipment	2018/01/01-2025/03/31	2%	1,315	
Total			$ 22,943	

Stark Technology Inc.

24. Statement of other liabilities

December 31, 2021

Unit: NTD thousands

Item	Summary	Subtotal	Amount	Remarks
Net defined benefit liabilities			$ 34,237	
Guarantee deposits	Construction warranty bond and rental deposit		2,696	
Total			$ 36,933	

Stark Technology Inc.

25. Statement of operating revenues

For the year ended December 31, 2021

Unit: NTD thousands

Item	Quantity	Amount	Summary
Total sales revenues			
Revenues from sale of merchandise		$ 3,542,686	
Revenues from rendering of service		1,575,408	
Other operating revenues		5,390	
Total		5,123,484	
Less: sales return and discount		(395)	
Net amount		$ 5,123,089	

Stark Technology Inc.

26. Statement of operating costs

For the year ended December 31, 2021

Unit: NTD thousands

Item	Summary	Amount		Remarks
Cost of merchandise sold				
Opening inventory		$	1,554,814	
Plus: Purchases for the current period			3,995,914	
Less: Closing inventory			(1,776,016)	
Reclassified to property, plant and equipment			(1,447)	
Reclassified to sundry purchases			(412)	
Merchandise cost			3,772,853	
Technical service cost			73,879	
Other operating costs			490	
Warranty cost			(20,356)	
Provisions			(5,590)	
Total operating costs		$	3,821,276	

Stark Technology Inc.

27. Statement of administrative expenses

For the year ended December 31, 2021

Unit: NTD thousands

Item	Summary	Amount	Remarks
Wages and salaries		$ 387,254	
Employee remuneration		37,100	
Labor and national health insurance expenses		34,735	
Other expense	No single account represented more than 5% of total outstanding balance	170,103	
Total		$ 629,192	

Stark Technology Inc.

28. Statement of research and development expenses

For the year ended December 31, 2021

Unit: NTD thousands

Item	Summary	Amount	Remarks
Wages and salaries		$ 71,542	
Labor and national health insurance expenses		6,377	
Pension expenses		4,693	
Other expense	No single account represented more than 5% of total outstanding balance	8,428	
Total		$ 91,040	

29. Summary of current employee welfare, depreciation, and amortization expenses by function: Please see Note VI.19.