

ZERO ONE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 AND
INDEPENDENT AUDITORS' REVIEW REPORT

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Zero One Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Zero One Technology Co., Ltd and its subsidiaries (the "Group") as of September 30, 2021 and 2020 and the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Liang Liu and Pei Te Chen.

Deloitte & Touche

Taipei, Taiwan
Republic of China

November 3, 2021

Notice to Readers

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

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 936,120	14	\$ 637,890	12	\$ 399,898	8
Financial assets at fair value through profit or loss (Note 7)	23,937	-	360,873	7	40,107	1
Financial assets at amortized cost (Note 9)	234,206	3	238,510	4	540,973	11
Notes receivable (Note 11)	570,911	8	230,490	4	185,379	4
Trade receivables (Note 11)	2,669,091	39	1,909,941	35	1,865,612	39
Current tax assets (Note 4)	831	-	831	-	829	-
Inventories (Note 12)	1,630,222	24	1,242,141	23	918,165	19
Other current assets	16,148	-	28,402	-	31,150	1
Total current assets	<u>6,081,466</u>	<u>88</u>	<u>4,649,078</u>	<u>85</u>	<u>3,982,113</u>	<u>83</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	36,533	1	35,391	1	34,977	1
Financial assets at fair value through other comprehensive income (Note 8)	348,371	5	339,515	6	316,499	7
Financial assets at amortized cost (Notes 9, 10 and 28)	51,112	1	69,526	1	86,494	2
Investment accounted for using equity method (Note 14)	13,627	-	-	-	-	-
Property, plant and equipment (Notes 15 and 28)	310,081	4	308,367	6	308,094	6
Right-of-use assets (Note 16)	13,585	-	13,027	-	14,852	-
Other intangible assets	2,331	-	1,238	-	973	-
Deferred tax assets (Note 4)	44,611	1	37,594	1	38,553	1
Refundable deposits	8,711	-	7,940	-	6,499	-
Prepayments for investments	-	-	10,000	-	10,000	-
Total non-current assets	<u>828,962</u>	<u>12</u>	<u>822,598</u>	<u>15</u>	<u>816,941</u>	<u>17</u>
TOTAL	<u>\$ 6,910,428</u>	<u>100</u>	<u>\$ 5,471,676</u>	<u>100</u>	<u>\$ 4,799,054</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 450,000	6	\$ -	-	\$ -	-
Trade payables	3,029,985	44	2,245,464	41	1,787,415	37
Other payables (Note 18)	337,179	5	246,382	5	184,459	4
Current tax liabilities (Note 4)	65,592	1	59,661	1	37,511	1
Lease liabilities (Note 16)	7,925	-	7,484	-	7,444	-
Other current liabilities	243,224	4	215,864	4	205,994	4
Total current liabilities	<u>4,133,905</u>	<u>60</u>	<u>2,774,855</u>	<u>51</u>	<u>2,222,823</u>	<u>46</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	410	-	20	-	57	-
Lease liabilities (Note 16)	6,055	-	5,607	-	7,492	-
Net defined benefit liabilities (Notes 4 and 19)	19,663	-	20,982	-	20,863	1
Other non-current liabilities	800	-	800	-	800	-
Total non-current liabilities	<u>26,928</u>	<u>-</u>	<u>27,409</u>	<u>-</u>	<u>29,212</u>	<u>1</u>
Total liabilities	<u>4,160,833</u>	<u>60</u>	<u>2,802,264</u>	<u>51</u>	<u>2,252,035</u>	<u>47</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	1,268,742	18	1,256,402	23	1,252,722	26
Capital surplus	485,485	7	478,757	9	476,039	10
Retained earnings						
Legal reserve	263,963	4	219,863	4	219,863	5
Unappropriated earnings	690,845	10	667,898	12	576,421	12
Total retained earnings	954,808	14	887,761	16	796,284	17
Other equity	29,645	1	34,350	1	10,388	-
Total equity attributable to owners of the Company	<u>2,738,680</u>	<u>40</u>	<u>2,657,270</u>	<u>49</u>	<u>2,535,433</u>	<u>53</u>
NON-CONTROLLING INTERESTS	<u>10,915</u>	<u>-</u>	<u>12,142</u>	<u>-</u>	<u>11,586</u>	<u>-</u>
Total equity	<u>2,749,595</u>	<u>40</u>	<u>2,669,412</u>	<u>49</u>	<u>2,547,019</u>	<u>53</u>
TOTAL	<u>\$ 6,910,428</u>	<u>100</u>	<u>\$ 5,471,676</u>	<u>100</u>	<u>\$ 4,799,054</u>	<u>100</u>

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES	\$ 4,272,343	100	\$ 2,467,016	100	\$ 9,840,049	100	\$ 7,598,541	100
OPERATING COSTS (Notes 12 and 21)	<u>3,912,151</u>	<u>91</u>	<u>2,206,966</u>	<u>89</u>	<u>8,915,505</u>	<u>90</u>	<u>6,800,124</u>	<u>90</u>
GROSS PROFIT	<u>360,192</u>	<u>9</u>	<u>260,050</u>	<u>11</u>	<u>924,544</u>	<u>10</u>	<u>798,417</u>	<u>10</u>
OPERATING EXPENSES (Note 21)								
Selling and marketing expenses	113,762	3	98,387	4	336,854	4	275,558	4
General and administrative expenses	38,429	1	34,752	2	113,893	1	107,562	1
Research and development expenses	3,656	-	2,056	-	6,851	-	4,789	-
Expected credit loss (reversed) recognized on trade receivables (Note 11)	<u>1,269</u>	<u>-</u>	<u>942</u>	<u>-</u>	<u>(1,820)</u>	<u>-</u>	<u>1,794</u>	<u>-</u>
Total operating expenses	<u>157,116</u>	<u>4</u>	<u>136,137</u>	<u>6</u>	<u>455,778</u>	<u>5</u>	<u>389,703</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>203,076</u>	<u>5</u>	<u>123,913</u>	<u>5</u>	<u>468,766</u>	<u>5</u>	<u>408,714</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	988	-	3,193	-	3,597	-	15,368	1
Other income	13,092	-	7,290	-	16,204	-	13,353	-
Other gains and losses	3,154	-	7,472	1	26,745	-	2,944	-
Net gain (loss) on derecognition of financial assets at amortized cost (Note 9)	<u>2,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,692</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance costs	(775)	-	(471)	-	(889)	-	(2,068)	-
Share of loss of associates accounted for using equity method	<u>(770)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,873)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>18,381</u>	<u>-</u>	<u>17,484</u>	<u>1</u>	<u>46,476</u>	<u>-</u>	<u>29,597</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	221,457	5	141,397	6	515,242	5	438,311	6
INCOME TAX EXPENSE (Notes 4 and 22)	<u>42,253</u>	<u>1</u>	<u>26,765</u>	<u>1</u>	<u>104,181</u>	<u>1</u>	<u>90,014</u>	<u>1</u>
NET PROFIT	<u>179,204</u>	<u>4</u>	<u>114,632</u>	<u>5</u>	<u>411,061</u>	<u>4</u>	<u>348,297</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	1,114	-	(11,565)	(1)	25,263	-	(1,092)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(15)	-	207	-	(229)	-	(221)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>1,099</u>	<u>-</u>	<u>(11,418)</u>	<u>(1)</u>	<u>25,034</u>	<u>-</u>	<u>(1,313)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 180,303</u>	<u>4</u>	<u>\$ 103,214</u>	<u>4</u>	<u>\$ 436,095</u>	<u>4</u>	<u>\$ 346,984</u>	<u>5</u>
NET PROFIT (LOSS) ATTRIBUTED TO:								
Owners of the Company	\$ 179,571	4	\$ 115,138	5	\$ 412,200	4	\$ 349,978	5
Non-controlling interests	<u>(367)</u>	<u>-</u>	<u>(506)</u>	<u>-</u>	<u>(1,139)</u>	<u>-</u>	<u>(1,681)</u>	<u>-</u>
	<u>\$ 179,204</u>	<u>4</u>	<u>\$ 114,632</u>	<u>5</u>	<u>\$ 411,061</u>	<u>4</u>	<u>\$ 348,297</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTED TO:								
Owners of the Company	\$ 180,706	4	\$ 103,661	4	\$ 437,322	4	\$ 348,781	5
Non-controlling interests	<u>(403)</u>	<u>-</u>	<u>(447)</u>	<u>-</u>	<u>(1,227)</u>	<u>-</u>	<u>(1,797)</u>	<u>-</u>
	<u>\$ 180,303</u>	<u>4</u>	<u>\$ 103,214</u>	<u>4</u>	<u>\$ 436,095</u>	<u>4</u>	<u>\$ 346,984</u>	<u>5</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 1.42</u>		<u>\$ 0.92</u>		<u>\$ 3.28</u>		<u>\$ 2.82</u>	
Diluted	<u>\$ 1.39</u>		<u>\$ 0.90</u>		<u>\$ 3.19</u>		<u>\$ 2.73</u>	

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2021 and 2020
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Equity Attributable to Owners of the Company							Other Equity						
	Share Capital		Retained Earnings					Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on Financial Assets at FVTOCI	Unearned Employee benefits	Total	Total	Non-controlling Interests	Total Equity
	Shares (In Thousand)	Issued Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE, JANUARY 1, 2020	124,635	\$ 1,246,352	\$ 470,136	\$ 184,732	\$ 16,844	\$ 494,764	\$ 696,340	\$ -	\$ 17,865	(\$ 10,389)	\$ 7,476	\$ 2,420,304	\$ 5,885	\$ 2,426,189
Appropriation of the 2019 earnings														
Legal reserve	-	-	-	35,131	-	(35,131)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(16,844)	16,844	-	-	-	-	-	-	-	-
Cash dividends - NT \$2.0 per share	-	-	-	-	-	(249,574)	(249,574)	-	-	-	-	(249,574)	-	(249,574)
Net profit (loss) for the nine months ended September 30, 2020	-	-	-	-	-	349,978	349,978	-	-	-	-	349,978	(1,681)	348,297
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	-	(155)	(1,042)	-	(1,197)	(1,197)	(116)	(1,313)
Total comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	349,978	349,978	(155)	(1,042)	-	(1,197)	348,781	(1,797)	346,984
Changes in percentage of ownership interests in subsidiaries	-	-	(2,481)	-	-	(718)	(718)	-	-	-	-	(3,199)	3,199	-
Share based payment transaction – employee restricted stock	-	-	-	-	-	-	-	-	-	4,367	4,367	4,367	-	4,367
Share based payment transaction - employee stock option	-	-	5,413	-	-	-	-	-	-	-	-	5,413	-	5,413
Cancellation of employee restricted stock	(12)	(120)	120	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares under employee share options	649	6,490	2,851	-	-	-	-	-	-	-	-	9,341	-	9,341
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(108)	(108)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	258	258	-	(258)	-	(258)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	4,407	4,407
BALANCE, SEPTEMBER 30, 2020	<u>125,272</u>	<u>\$ 1,252,722</u>	<u>\$ 476,039</u>	<u>\$ 219,863</u>	<u>\$ -</u>	<u>\$ 576,421</u>	<u>\$ 796,284</u>	<u>(\$ 155)</u>	<u>\$ 16,565</u>	<u>(\$ 6,022)</u>	<u>\$ 10,388</u>	<u>\$ 2,535,433</u>	<u>\$ 11,586</u>	<u>\$ 2,547,019</u>
BALANCE, JANUARY 1, 2021	125,640	\$ 1,256,402	\$ 478,757	\$ 219,863	\$ -	\$ 667,898	\$ 887,761	\$ 74	\$ 39,577	(\$ 5,301)	\$ 34,350	\$ 2,657,270	\$ 12,142	\$ 2,669,412
Appropriation of the 2020 earnings														
Legal reserve	-	-	-	44,100	-	(44,100)	-	-	-	-	-	-	-	-
Cash dividends - NT \$3.0 per share	-	-	-	-	-	(377,836)	(377,836)	-	-	-	-	(377,836)	-	(377,836)
Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	-	412,200	412,200	-	-	-	-	412,200	(1,139)	411,061
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	-	(161)	25,283	-	25,122	25,122	(88)	25,034
Total comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	412,200	412,200	(161)	25,283	-	25,122	437,322	(1,227)	436,095
Share based payment transaction – employee restricted stock	-	-	-	-	-	-	-	-	-	2,856	2,856	2,856	-	2,856
Share based payment transaction - employee stock option	-	-	683	-	-	-	-	-	-	-	-	683	-	683
Cancellation of employee restricted stock	(15)	(150)	150	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares under employee share options	1,249	12,490	5,895	-	-	-	-	-	-	-	-	18,385	-	18,385
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	32,683	32,683	-	(32,683)	-	(32,683)	-	-	-
BALANCE, SEPTEMBER 30, 2021	<u>126,874</u>	<u>\$ 1,268,742</u>	<u>\$ 485,485</u>	<u>\$ 263,963</u>	<u>\$ -</u>	<u>\$ 690,845</u>	<u>\$ 954,808</u>	<u>(\$ 87)</u>	<u>\$ 32,177</u>	<u>(\$ 2,445)</u>	<u>\$ 29,645</u>	<u>\$ 2,738,680</u>	<u>\$ 10,915</u>	<u>\$ 2,749,595</u>

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 515,242	\$ 438,311
Adjustments for:		
Depreciation expenses	17,987	17,268
Amortization expenses	901	606
Expected credit loss (reversed) recognized on trade receivables	(1,820)	1,794
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(5,470)	(2,008)
Finance costs	889	2,068
Net gain on derecognition of financial assets at amortized cost	(2,692)	-
Interest income	(3,597)	(15,368)
Dividend income	(11,700)	(10,911)
Costs of share-based payment	3,539	9,780
Share of loss of associates accounted for using equity method	1,873	-
Gain on disposal of investments accounted for using equity method	-	(275)
Write-downs of inventories	41,907	2,933
Net loss on foreign currency exchange	6,763	885
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	341,264	22,629
Notes receivable	(340,421)	93,749
Trade receivables	(754,020)	(113,347)
Inventories	(440,128)	396,752
Other current assets	14,463	3,637
Trade payables	780,695	(242,470)
Other payables	91,608	(195,560)
Other current liabilities	27,360	62,922
Net defined benefit liabilities	(1,319)	(1,055)
Cash generated from operations	283,324	472,340
Income tax paid	(104,877)	(106,047)
Net cash generated from operating activities	<u>178,447</u>	<u>366,293</u>

(Continued)

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(\$ 30,392)	(\$ 93,118)
Proceeds from sale of financial assets at fair value through other comprehensive income	56,799	24,217
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	3,078
Purchase of financial assets at amortized cost	(285,637)	(190,696)
Proceeds from sale of financial assets at amortized cost	309,670	342,035
Acquisition of investments accounted for using equity method	(15,500)	-
Proceeds from disposal of investments accounted for using equity method	-	275
Increase in prepayments for investments	-	(10,000)
Payments for property, plant and equipment	(3,391)	(4,488)
Proceeds from disposal of property, plant and equipment	-	540
Increase in refundable deposits	(771)	(1,158)
Payment for intangible assets	(980)	(184)
Interest received	4,916	15,375
Dividends received	8,400	10,911
Net cash generated from investing activities	<u>43,114</u>	<u>96,787</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	450,000	-
Repayments of short-term borrowings	-	(150,000)
Refund of guarantee deposits received	-	(371)
Repayment of the principal portion of lease liabilities	(6,864)	(5,286)
Dividends paid to owners of the Company	(377,836)	(249,574)
Exercise of employee share options	18,385	9,341
Interest paid	(816)	(2,072)
Dividends paid to non-controlling interests	-	(108)
Increase in non-controlling interests	-	4,407
Net cash generated from (used in) financing activities	<u>82,869</u>	<u>(393,663)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	(<u>6,200</u>)	(<u>5,016</u>)
NET INCREASE IN CASH AND CASH EQUIVALENTS	298,230	64,401
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>637,890</u>	<u>335,497</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 936,120</u>	<u>\$ 399,898</u>

(Concluded)

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020

(Reviewed, Not Audited)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Zero One Technology Company Limited (the “Company” or “ZOTC”) was incorporated as a company limited by shares under the provisions of the Group Law of the Republic of China in June 27, 1980. On January 21, 2000, ZOTC’s Shares were listed on Taipei Exchange (TPEX). On August 26, 2002, ZOTC’s shares were listed on the Taiwan Stock Exchange (TWSE). ZOTC is a dedicated foundry in the technology industry which engages mainly in the design, manufacturing, packaging, selling, consulting and services of electronic information, computer software, hardware, accessories, components and Chinese data processing, etc.

The consolidated financial statements are expressed by the functional currency (New Taiwan Dollars) of the Group.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and issued on November 3, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

(2) Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2022

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

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

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

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

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

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

(3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC

<u>New / Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2022 (Note 4)

Note 1: Unless stated otherwise, the above new, revised or amended standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized for temporary differences associated with lease and decommissioning obligations on January 1, 2022, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- A. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- C. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Table 4 and Table 5 for detailed information on the subsidiaries, including the percentages of ownership and main businesses.

(4) Other Significant Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

A. Defined retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Please refer to the consolidated financial statements for the year ended December 31, 2020 for main sources of critical accounting judgments, estimates and uncertainty assumptions explanations.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 287	\$ 213	\$ 440
Checking accounts and demand deposits	880,133	609,197	370,358
Cash equivalents			
Repurchase agreements collateralized by bonds	55,700	28,480	29,100
	<u>\$ 936,120</u>	<u>\$ 637,890</u>	<u>\$ 399,898</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets – current</u>			
Mandatorily measured at FVTPL			
Domestic convertible bond	\$ 7,736	\$ 15,966	\$ 22,718
Domestic listed ordinary shares	-	1,785	1,241
Fund beneficiary certification	16,201	343,122	16,148
	<u>\$ 23,937</u>	<u>\$ 360,873</u>	<u>\$ 40,107</u>
<u>Financial assets – non-current</u>			
Mandatorily measured at FVTPL			
Domestic listed preference shares	\$ 14,445	\$ 14,403	\$ 14,493
Fund beneficiary certification	22,088	20,988	20,484
	<u>\$ 36,533</u>	<u>\$ 35,391</u>	<u>\$ 34,977</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Domestic investment			
Listed and emerging market ordinary shares	\$ 118,890	\$ 123,829	\$ 100,956
Listed preference shares	183,268	197,544	196,800
Unlisted shares	<u>46,213</u>	<u>18,142</u>	<u>18,743</u>
	<u>\$ 348,371</u>	<u>\$ 339,515</u>	<u>\$ 316,499</u>

The investments in those ordinary and preferred shares are in line with the Group's medium- to long-term strategies and the investment profits are expected to be gained in the long run. The management of the Group management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than three months (1)	\$ 150,570	\$ 238,510	\$ 482,773
Repurchase agreements collateralized by bonds (2)	<u>83,636</u>	<u>-</u>	<u>58,200</u>
	<u>\$ 234,206</u>	<u>\$ 238,510</u>	<u>\$ 540,973</u>
<u>Non-current</u>			
Domestic investment			
Pledged time deposit (3)	\$ 35,561	\$ 25,465	\$ 25,345
Foreign investment			
Barclays Bank corporate bond (USD) (4)	-	14,895	15,239
Prudential plc corporate bond (USD) (5)	-	29,166	29,883
AT&T corporate bond (USD) (6)	-	-	16,027
Perusahaan Listrik Negara corporate bond (USD) (7)	<u>15,551</u>	<u>-</u>	<u>-</u>
	<u>\$ 51,112</u>	<u>\$ 69,526</u>	<u>\$ 86,494</u>

(1) As of September 30, 2021, December 31 and September 30, 2020, the market interest rate intervals of time deposit with original maturities of more than three months were 0.63%~0.815%, 0.63%~2.10% and 0.63%~2.10%, respectively.

(2) As of September 30, 2021 and 2020, the market interest rate intervals of repurchase agreements collateralized by bonds with original maturities more than three months were 0.4% and 0.6%, respectively.

(3) Please refer to Note 28 for more details on financial assets at amortized cost under pledge.

(4) The Group purchased Barclays Bank corporate bond (USD) by USD 527 thousand, with a coupon rate of 4.836%, in August, 2019. As for adjustment portion of investments, the Group sold all bonds by \$15,560 thousand, and recognized \$1,003 thousand of gain from sale of financial assets at amortized cost in July, 2021.

(5) The Group purchased Prudential plc corporate bond (USD) by USD 1,040 thousand, with a coupon rate of 4.875%, in August, 2019. As for adjustment portion of investments, the Group sold all bonds by \$28,936 thousand, and recognized \$444 thousand of gain from sale of financial assets at amortized cost in July, 2021.

(6) The Group purchased AT&T corporate bond (USD) by USD 460 thousand with a coupon rate of 3.65% and USD 553 thousand with a coupon rate of 4.50%, in March, 2021 and November, 2019, respectively. The bonds purchased in March, 2021 was of USD 460 thousand. As for adjustment portion of investments, the Group sold all bonds by \$14,021 thousand, and recognized \$1,245 thousand of gain from sale of financial

assets at amortized cost in August, 2021; the purchased bonds of USD 553 thousand in November, 2019 were sold in November, 2020.

(7) The Group purchased Perusahaan Listrik Negara corporate bond (USD) by USD 559 thousand, with a coupon rate of 5.25% in May, 2021.

(8) Please refer to Note 10 for relevant credit risk management and impairment assessment information for financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

The investments in debt instruments of the Group are mainly financial assets at amortized cost. The strategy that the Group adopts is to invest in debt instruments that are rated as investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is provided by external independent agencies.

The Group consistently monitors changes in the credit risks of the invested debt instruments by tracking ratings and relevant information, and reviews the yield curve of bonds, material information of the bond-issuers, etc., so as to evaluate if there is a significant increase in the debt instruments since initial recognition.

The Group assesses the information of investment risk provided by external rating agencies and evaluates the 12-month expected credit loss or lifetime expected credit loss. The bonds that the Group invested are all of investment grade, and the credit risk of the bond-issuers is low and is capable to settle the contractual cash flows. The Group does not anticipate that the corporate bonds invested will have any material expected credit loss resulted from default within the 12 months after the date of the financial statements, and thus did not recognize allowance for loss as of September 30, 2021, December 31 and September 30, 2020.

11. NOTES, TRADE RECEIVABLE AND OVERDUE RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Measured at amortized cost			
Notes receivable	\$ 570,911	\$ 230,490	\$ 185,379
Trade receivable	2,678,703	1,921,373	1,882,100
Overdue receivables	-	1,474	4,401
Deduct: Allowance for bad debts	(9,612)	(12,906)	(20,889)
	<u>\$ 3,240,002</u>	<u>\$ 2,140,431</u>	<u>\$ 2,050,991</u>

The average credit period of sales of goods of the Group was 60-90 days, and no interest was charged on trade receivable.

In order to minimize credit risk, the Group's management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the Group's management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivable are estimated using a provision matrix by reference to past default experience of the customer, the customer's current financial position, and economic conditions of the industry, as well as forecasts of GDP and prospects of the industry. As the Group's historical data of credit loss indicates that there is no significant difference in terms of the types of loss resulted from different customer groups, therefore, the segregation of customers was not further differentiated in the matrix, and the number of days of trade receivables overdue was used to determine the ratio of the expected credit loss.

The Group writes off an account receivable when there is information indicating that the respective debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profits or losses.

The following table details the loss allowance of trade receivable:

September 30, 2021

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$3,224,073	\$ 21,191	\$ 4,350	\$ -	\$ -	\$ 3,249,614
Loss allowance (Lifetime ECLs)	(<u>4,385</u>)	(<u>4,158</u>)	(<u>1,069</u>)	-	-	(<u>9,612</u>)
Amortized cost	<u>\$3,219,688</u>	<u>\$ 17,033</u>	<u>\$ 3,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,240,002</u>

December 31, 2020

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$2,138,258	\$ 2,869	\$ 10,160	\$ 576	\$ 1,474	\$ 2,153,337
Loss allowance (Lifetime ECLs)	(<u>5,895</u>)	(<u>899</u>)	(<u>4,344</u>)	(<u>294</u>)	(<u>1,474</u>)	(<u>12,906</u>)
Amortized cost	<u>\$2,132,363</u>	<u>\$ 1,970</u>	<u>\$ 5,816</u>	<u>\$ 282</u>	<u>\$ -</u>	<u>\$ 2,140,431</u>

September 30, 2020

	Not Past Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	More Than 90 Days Past Due	Total
Gross carrying amount	\$2,045,592	\$ 5,604	\$ 3,348	\$ 12,876	\$ 4,460	\$ 2,071,880
Loss allowance (Lifetime ECLs)	(<u>5,979</u>)	(<u>1,823</u>)	(<u>1,437</u>)	(<u>7,190</u>)	(<u>4,460</u>)	(<u>20,889</u>)
Amortized cost	<u>\$2,039,613</u>	<u>\$ 3,781</u>	<u>\$ 1,911</u>	<u>\$ 5,686</u>	<u>\$ -</u>	<u>\$ 2,050,991</u>

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

	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Balance at January 1	\$ 12,906	\$ 35,510
Add: Net remeasurement of loss allowance	-	1,794
Less: Reversal of loss allowance	(1,820)	-
Amounts written of	(<u>1,474</u>)	(<u>16,415</u>)
Balance at September 30	<u>\$ 9,612</u>	<u>\$ 20,889</u>

12. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 9,860	\$ 3,555	\$ 5,703
Work in process	5,674	2,626	3,675
Finished goods	270	336	484
Commodities	1,614,232	1,235,624	908,065
Inventory in transit	<u>186</u>	<u>-</u>	<u>238</u>
	<u>\$ 1,630,222</u>	<u>\$ 1,242,141</u>	<u>\$ 918,165</u>

Cost of goods sold for inventories amounted to \$3,912,151 thousand, \$2,206,966 thousand, \$8,915,505 thousand and \$6,800,124 thousand, respectively, for the three and nine months ended September 30, 2021 and 2020. The cost of goods sold included inventory write-downs (reversals of inventory write-downs) of \$20,023 thousand, (\$9,801) thousand, \$41,907 thousand and \$2,933 thousand, respectively, for the three and nine months ended September 30, 2021 and 2020. The increase in net realizable value of inventories is recognized by disposal of the commodities, which had been allowed for inventory valuation loss.

13. SUBSIDIARIES

(1) Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Zotech Co., Ltd.	Manufacturing for computer equipment	85.37%	85.37%	85.37%	A
	Zerone Win Investment Co., Ltd.	Investment	100.00%	100.00%	100.00%	A
	Asiaone Holdings Ltd.	Holding company	100.00%	100.00%	100.00%	A
Zerone Win Investment Co., Ltd.	WingWill International Co., Ltd.	Services of Cloud & information software	87.93%	87.93%	87.93%	A
	Petacom Technology Co.,Ltd	Services of distribution of information product	100.00%	100.00%	100.00%	A
	DigiCosmos Tech. Co., Ltd.	Services of distribution of information product	100.00%	-	-	A, B
Asiaone Holdings Ltd.	Techone (Shanghai)Co., Ltd.	Services of Network Technology	70.00%	70.00%	70.00%	A

A. These are not major subsidiaries. The financial statements have not been reviewed by CPAs. The management of the Group holds the view that there is not any material impact given the fact that the financial statements of the above subsidiaries have not been reviewed by CPAs.

B. It was established in May, 2021.

(2) Subsidiaries excluded from the consolidated financial statements : None.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	September 30, 2021	December 31, 2020	September 30, 2020
Individual Insignificant Associate			
TrustONE Security Inc.	\$ 2,127	\$ -	\$ -
Leukocyte-Lab Co. Ltd.	11,500	-	-
	<u>\$ 13,627</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Percentage of Equity Holding and Voting Rights</u>		
Name of Associates	September 30, 2021	December 31, 2020	September 30, 2020
TrustONE Security Inc.	32%	-	-
Leukocyte-Lab Co. Ltd.	37.5%	-	-

The Group invested in TrustOne Security Inc. in February, 2021, which engages mainly in the R&D, sale and service of information software, with the investment amount of \$4,000 thousand, and share-holding ratio of 32%.

The Group invested in Leukocyte-Lab Co. Ltd. in September, 2021, which engages mainly in information security management, sale and consulting service, with the investment amount of \$11,500 thousand, and share-holding ratio of 37.5%.

The investment was accounted for using the equity method and the share of profit or loss and other comprehensive income of the invested company was calculated on the basis of the financial statements that have not been reviewed by CPAs. The management of the Group holds the view that the calculations of the financial statements that were not reviewed by the CPAs have not resulted in any material impact.

15. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 234,892	\$ 234,892	\$ 234,892
Buildings	53,340	54,703	55,156
Office equipment	8,549	9,246	10,199
Delivery equipment	614	982	1,106
Other equipment	<u>12,686</u>	<u>8,544</u>	<u>6,741</u>
	<u>\$ 310,081</u>	<u>\$ 308,367</u>	<u>\$ 308,094</u>

Except for depreciation recognized, property, plant and equipment haven't been increased, disposed and impaired for the nine months ended September 30, 2021 and 2020.

Depreciation expenses were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	7-50 Years
Office equipment	3-5 Years
Delivery equipment	5 Years
Other equipment	2-3 Years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 28.

16. LEASE ARRANGEMENTS

(1) Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amounts of right-of-use assets			
Buildings	\$ 13,392	\$ 12,683	\$ 14,458
Office equipment	<u>193</u>	<u>344</u>	<u>394</u>
	<u>\$ 13,585</u>	<u>\$ 13,027</u>	<u>\$ 14,852</u>
	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021
Additions to right-of-use assets			<u>\$ 7,781</u>
Depreciation charge for right-of-use assets			<u>\$ 11,914</u>
Buildings	\$ 2,434	\$ 1,864	\$ 7,045
Office equipment	<u>50</u>	<u>50</u>	<u>151</u>
	<u>\$ 2,484</u>	<u>\$ 1,914</u>	<u>\$ 7,196</u>

(2) Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amounts of lease liabilities			
Current	<u>\$ 7,925</u>	<u>\$ 7,484</u>	<u>\$ 7,444</u>
Non-current	<u>\$ 6,055</u>	<u>\$ 5,607</u>	<u>\$ 7,492</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Buildings	0.85%~4.75%	0.95%~4.75%	0.95%~4.75%
Office equipment	1.20%	1.20%	1.20%

(3) Other lease information

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Expenses relating to short-term leases	\$ 201	\$ 548	\$ 662	\$ 650
Expenses relating to low-value asset leases	\$ 13	\$ 12	\$ 38	\$ 38
Total cash (outflow) for leases			(\$ 7,721)	(\$ 6,088)

17. SHORT-TERM BORROWINGS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>			
—Line of credit borrowings	\$ 450,000	\$ -	\$ -

Interest rate of bank revolving loans was 0.75%~0.78% on September 30, 2021.

18. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Salaries and bonuses payable	\$ 71,611	\$ 91,256	\$ 61,484
Compensation of employees, remuneration of directors and supervisors payable	32,957	35,420	27,998
Sales tax payable	32,677	1,284	1,502
Others	199,934	118,422	93,475
	<u>\$ 337,179</u>	<u>\$ 246,382</u>	<u>\$ 184,459</u>

19. RETIREMENT BENEFIT PLANS

For the three and nine months ended September 30, 2021 and 2020, the Group's pension costs under the defined benefit plan were made payment \$66 thousand, \$105 thousand, \$197 thousand and \$314 thousand, respectively, decided by actuarial pension costs rate on December 31, 2020 and 2019.

20. EQUITY

(1) Ordinary Shares

	September 30, 2021	December 31, 2020	September 30, 2020
Shares authorized (in thousands of shares)	200,000	150,000	150,000
Authorized capital	\$ 2,000,000	\$ 1,500,000	\$ 1,500,000
Shares issued and fully paid (in thousands of shares)	126,874	125,640	125,272
Issued capital	\$ 1,268,742	\$ 1,256,402	\$ 1,252,722

The change in share capital is mainly due to the exercise of employee share options, and the cancellation of employee restricted stock.

(2) Capital Surplus

	September 30, 2021	December 31, 2020	September 30, 2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (A)</u>			
Premium on shares issued above par value	\$ 411,846	\$ 405,951	\$ 404,714
Treasury stock transactions	25,343	25,343	25,343
<u>Only be used to offset a deficit</u>			
From exercised and invalid employees share options	20,817	12,837	10,583
<u>May not be used for any purpose</u>			
Employees restricted stock	8,426	8,276	8,276
Employees stock options	19,053	26,350	27,123
	<u>\$ 485,485</u>	<u>\$ 478,757</u>	<u>\$ 476,039</u>

- A. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

(3) Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles of Incorporation, where ZOTC earns profits in a fiscal year, such profit shall first be set aside to pay applicable taxes, offset losses of previous years, then set aside 10% for legal reserve, and also set aside or reverse a special reserve in accordance with the laws and regulations. Should there be any remaining profits, those profits, plus the accumulated undistributed retained earnings from the previous year shall be used first by ZOTC's board of directors as the basis for proposing a distribution plan of dividends for preferred shares for the same year, any further remaining unappropriated earnings after the distribution of dividends of preferred shares shall be distributed in accordance with the proposal submitted by the board of directors, for approval at the shareholders' meeting. The distributable dividends and bonuses may be paid in cash after a supermajority resolution of the board of directors, which shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors in Note 21 (7).

ZOTC adopts a dividend distribution policy whereby only surplus profits of ZOTC shall be distributed to shareholders. Based on ZOTC's future capital budget planning and the needs for working capital requirements, as well as taking account into the impact to the extent of the diluted earnings per share and return on equity, no less than 30% of the remaining balance is to be allocated to shareholders and the ratio for cash dividends shall not be lower than 10% of the total shareholders' dividends distributed for the same year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals ZOTC's paid-in capital. The legal reserve may be used to offset deficits. If ZOTC has no deficit and the legal reserve has exceeded 25% of ZOTC's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of 2020 and 2019 earnings have been approved by ZOTC's shareholders' meeting on August 4, 2021 and June 10, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share(NT\$)	
	For Fiscal Year 2020	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2019
Legal capital	\$ 44,100	\$ 35,131		
Reversal of special reserve	-	(16,844)		
Cash dividends	377,836	249,574	\$ 3.0	\$ 2.0

(4) Other equity

A. Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Balance at January 1	\$ 74	\$ -
In respect of the current period		
Exchange differences on translating the financial statements of foreign operations	(<u>161</u>)	(<u>155</u>)
Balance at September 30	(<u>\$ 87</u>)	(<u>\$ 155</u>)

B. Unrealized gain (loss) from financial assets at FVTOCI

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Balance at January 1	\$ 39,577	\$ 17,865
In respect of the current period		
Unrealized gain (loss) — equity instruments	25,283	(1,042)
Cumulative gain (loss) of equity instruments transferred to retained earnings due to disposal	(<u>32,683</u>)	(<u>258</u>)
Balance at September 30	<u>\$ 32,177</u>	<u>\$ 16,565</u>

C. Unearned employee benefit

In the shareholders' meetings held on June 11, 2018, the shareholders approved the issuance of employee restricted stock. Refer to Note 24 for the information of relevant explanation.

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Balance at January 1	(\$ 5,301)	(\$ 10,389)
Share-based payment expenses recognized	<u>2,856</u>	<u>4,367</u>
Balance at September 30	(<u>\$ 2,445</u>)	(<u>\$ 6,022</u>)

21. NET PROFIT

(1) Interest income

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Bank deposits	\$ 94	\$ 36	\$ 606	\$ 1,961
Financial assets at amortized cost	894	3,156	2,984	13,402
Others	<u>-</u>	<u>1</u>	<u>7</u>	<u>5</u>
	<u>\$ 988</u>	<u>\$ 3,193</u>	<u>\$ 3,597</u>	<u>\$ 15,368</u>

(2) Other income

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Dividend income	\$ 10,022	\$ 6,810	\$ 11,700	\$ 10,911
Others	<u>3,070</u>	<u>480</u>	<u>4,504</u>	<u>2,442</u>
	<u>\$ 13,092</u>	<u>\$ 7,290</u>	<u>\$ 16,204</u>	<u>\$ 13,353</u>

(3) Other gains and losses

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Net foreign exchange profit	\$ 2,926	\$ 6,303	\$ 21,275	\$ 661
Net gain arising on financial assets measured at FVTPL	228	1,209	5,470	2,008
Loss on disposal of property, plant and equipment	-	(40)	-	-
Gain on disposal of investments accounted for using equity method	-	-	-	275
	<u>\$ 3,154</u>	<u>\$ 7,472</u>	<u>\$ 26,745</u>	<u>\$ 2,944</u>

(4) Finance costs

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Interests on bank borrowings	\$ 732	\$ 403	\$ 732	\$ 1,954
Interests on lease liabilities	43	68	157	114
	<u>\$ 775</u>	<u>\$ 471</u>	<u>\$ 889</u>	<u>\$ 2,068</u>

(5) Depreciation & amortization

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Property, plant and equipment	\$ 3,603	\$ 3,861	\$ 10,791	\$ 11,951
Right-of-use assets	2,484	1,914	7,196	5,317
Intangible assets	323	177	901	606
	<u>\$ 6,410</u>	<u>\$ 5,952</u>	<u>\$ 18,888</u>	<u>\$ 17,874</u>
An analysis of depreciation by function				
Operating expenses	<u>\$ 6,087</u>	<u>\$ 5,775</u>	<u>\$ 17,987</u>	<u>\$ 17,268</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 323</u>	<u>\$ 177</u>	<u>\$ 901</u>	<u>\$ 606</u>

(6) Employee benefits expense

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Post-employment benefits				
Defined contribution plans	\$ 3,160	\$ 2,854	\$ 9,064	\$ 8,023
Defined benefit plans (Note 19)	66	105	197	314
	<u>3,226</u>	<u>2,959</u>	<u>9,261</u>	<u>8,337</u>

(Continued)

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Share-Based Payment Equity-settled	\$ 1,153	\$ 2,201	\$ 3,539	\$ 9,780
Other employee benefits	112,058	92,481	317,478	265,507
Total employee benefits expense	\$ 116,437	\$ 97,641	\$ 330,278	\$ 283,624
Analysis by function				
Operating costs	\$ 825	\$ 905	\$ 2,599	\$ 2,689
Operating expenses	115,612	96,736	327,679	280,935
	\$ 116,437	\$ 97,641	\$ 330,278	\$ 283,624

(Concluded)

(7) Compensation of employees and remuneration of directors

The Group shall allocate compensation to the employees and directors of the Group not less than 1%~15% and not more than 3% of annual profits during the period, respectively, and the estimate of employees' compensation and remuneration of directors for the three and nine months ended September 30, 2021 and 2020 were as follows:

Estimate Rate

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Compensation of employees	4.00%	4.00%	4.00%	4.00%
Remuneration of directors	2.00%	2.00%	2.00%	2.00%

Amount

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Compensation of employees	\$ 9,500	\$ 6,038	\$ 21,971	\$ 18,665
Remuneration of directors	4,750	3,020	10,986	9,333

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

The compensation of employees and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on February 24, 2021 and February 26, 2020, respectively, are as follows:

	2020	2019
	Cash	Cash
Compensation of employees	\$ 23,613	\$ 18,911
Remuneration of directors	11,807	9,456

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

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

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

(1) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Current tax				
In respect of the current period	\$ 43,270	\$ 24,531	\$ 110,319	\$ 86,464
Income tax on unappropriated earnings	953	-	953	-
Adjustments for prior year	-	-	(464)	330
Deferred tax				
In respect of the current period	(1,970)	2,234	(6,627)	3,220
Income tax expense recognized in profit or loss	<u>\$ 42,253</u>	<u>\$ 26,765</u>	<u>\$ 104,181</u>	<u>\$ 90,014</u>

(2) Income tax assessment

The Company and subsidiaries' income tax returns have been assessed by the Tax Authority as follows:

Co. Name	Year of Assessment
The Company	2018
Zotech Co., Ltd.	2019
Zerone Win Investment Co., Ltd.	2019
WingWill International Co., Ltd.	2019
Petacom Technology Co., Ltd.	2019

23. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Earnings used in the computation of basic/diluted earnings per share	<u>\$ 179,571</u>	<u>\$ 115,138</u>	<u>\$ 412,200</u>	<u>\$ 349,978</u>

Shares

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	126,185	124,524	125,820	124,245

(Continued)

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Effect of potentially dilutive ordinary shares:				
Employees' Compensation	472	477	588	607
Employee stock options	2,214	3,027	2,372	2,734
Restricted stock awards	<u>280</u>	<u>371</u>	<u>385</u>	<u>450</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>129,151</u>	<u>128,399</u>	<u>129,165</u>	<u>128,036</u>

(Concluded)

If the Group offered to settle the compensation paid to employees in shares or cash, the Group assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

(1) Employee Share Option Plan

Qualified employees of the Company and its subsidiaries were granted 1,000, 1,860, 2,000 and 2,000 options in August 2015, September 2016, January 2018 and September 2018. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares at the grant date. For any subsequent changes in the Company's ordinary shares, the exercise price is adjusted accordingly.

Information on employee share options is as follows:

Employee share option	For the Nine Months Ended September 30, 2021		For the Nine Months Ended September 30, 2020	
	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (NT\$)	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (NT\$)
Balance at January 1	4,468	\$ 16.70	5,653	\$ 17.18
Options exercised	(1,249)	14.72	(649)	14.39
Options forfeited	(88)	16.65	-	-
Outstanding options, at September 30	<u>3,131</u>	16.18	<u>5,004</u>	16.48
Options exercisable, at September 30	<u>1,691</u>		<u>2,246</u>	

Information on outstanding options at the end of reporting period is as follows:

September 30, 2021		December 31, 2020		September 30, 2020	
Range of Exercise Price (NT\$)	Weighted- Over-Age Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted- Over-Age Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted- Over-Age Remaining Contractual Life (Years)
\$ 10.90 (Note)	-	\$ 11.70 (Note)	0.67	\$ 11.70 (Note)	0.92
12.50 (Note)	0.93	13.40 (Note)	1.68	13.40 (Note)	1.93
15.70 (Note)	2.26	16.80 (Note)	3.01	16.80 (Note)	3.26
17.20 (Note)	2.92	18.40 (Note)	3.67	18.40 (Note)	3.92

Note: The issued price will be adjusted by methods of issuance.

The Company adopted binomial option pricing model and Black-Scholes price model to evaluate inputs of stock options in September, 2018, January, 2018, September, 2016 and August, 2015 as follows:

	September 2018	January 2018	September 2016	August 2015
Securities price of the vested date	20.65 Dollars	19.85 Dollars	16.95 Dollars	15.65 Dollars
Exercised price	20.65 Dollars	19.85 Dollars	16.95 Dollars	15.65 Dollars
Foreseeable volatility rate	32.96%	33.81%	38.26%	39.14%~40.47%
Duration	6 Years	6 Years	6 Years	4~5 Years
Foreseeable dividend rate	0%	0%	0%	0%
No risk rates	0.72%	0.74%	0.56%	0.77%~0.87%

The compensation cost recognized were \$777 thousand, \$1,480 thousand, \$683 thousand and \$5,413 thousand for the three and nine months ended September 30, 2021 and 2020, respectively.

(2) Employees restricted stock

The shareholders meeting of the Company, on June 11, 2018, resolved to issue employees restricted stock amounting to \$7,000 thousand, consisting of 700 thousand shares, respectively, par value in \$10, the subscription price is \$0 (The issue price is \$0), and authorized the Board to decide the issue price at the issuance date. The Board resolved to issue \$7,000 thousand, with total share number of 700 thousand shares, on April 30, 2019 and the record date of issuance is June 13, 2019.

An employee who remains employed at the company after the period as follows has elapsed from the time of employee restricted stocks and who personal performance have met with the criteria listing, will be eligible for vesting of an installment of the shares.

- A. An employee who remains employed at the company after 1 year has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.
- B. An employee who remains employed at the company after 2 years has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.
- C. An employee who remains employed at the company after 3 years has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.
- D. An employee who remains employed at the company after 4 years has elapsed from the time of employee restricted stocks, and who personal performance have met with the criteria listing of 75 scores and above, will be eligible for vesting of an installment of 25% of the shares.

After employees received the vested shares from the Company, it will redeem and cancel the issued employee restricted stock as employees breach the labor contract and working regulations, for the employee restricted stocks that don't meet the vesting conditions.

When employees fail to meet the vesting conditions of employee restricted stocks as redeemed by the Company without charge will be cancelled, based on the relevant regulations.

Compensation costs by issuance of employee restricted stocks recognized were \$376 thousand, \$721 thousand, \$2,856 thousand and \$4,367 thousand for the three and nine months ended September 30, 2021 and 2020. As of September 30, 2021 and 2020, the unearned employee benefit totaled \$2,445 thousand and \$6,022 thousand, accounted for as the decrease in other equity.

25. CAPITAL RISK MANAGEMENT

The Group engages as a distributor of software and hardware equipment, without any plans of imposed capital requirements at present or in the future. The Group manages its capital to ensure requirements of operating funds and dividend expenses, based on growth and development of scale of enterprise and prospective of the industry. The Group periodically reviews the policy of capital risk management, for the purpose of seeking a steady and conservative policy.

The capital structure of the Group consists of net debt and equity (comprising share capital, capital reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

(1) Information about fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the management believes the carrying amounts of financial assets and liabilities not measured at fair value recognized in the consolidated financial statements approximate or cannot be measured their fair values:

	September 30, 2021		December 31, 2020		September 30, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>						
Financial assets at amortized cost						
— Foreign corporate bonds	\$15,551	\$15,597	\$44,061	\$45,323	\$61,149	\$62,464

(2) Information about fair value of financial assets measured at fair value on a recurring basis.

A. Fair value hierarchy

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at FVTPL</u>				
Convertible bonds	\$ 7,736	\$ -	\$ -	\$ 7,736
Domestic listed shares	14,445	-	-	14,445
Fund beneficiary certification	29,355	-	8,934	38,289
Total	<u>\$ 51,536</u>	<u>\$ -</u>	<u>\$ 8,934</u>	<u>\$ 60,470</u>

Financial assets measured at FVTOCI

Equity investments				
— Domestic listed shares and emerging market shares	\$ 290,066	\$ -	\$ 12,092	\$ 302,158
— Domestic unlisted shares	-	-	46,213	46,213
Total	<u>\$ 290,066</u>	<u>\$ -</u>	<u>\$ 58,305</u>	<u>\$ 348,371</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at FVTPL</u>				
Convertible bonds	\$ 15,966	\$ -	\$ -	\$ 15,966
Domestic listed shares	16,188	-	-	16,188
Fund beneficiary certification	355,581	-	8,529	364,110
Total	<u>\$ 387,735</u>	<u>\$ -</u>	<u>\$ 8,529</u>	<u>\$ 396,264</u>

Financial assets measured at FVTOCI

Equity investments				
— Domestic listed shares and emerging market shares	\$ 309,281	\$ -	\$ 12,092	\$ 321,373
— Domestic unlisted shares	-	-	18,142	18,142
Total	<u>\$ 309,281</u>	<u>\$ -</u>	<u>\$ 30,234</u>	<u>\$ 339,515</u>

September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Convertible bonds	\$ 22,718	\$ -	\$ -	\$ 22,718
Domestic listed shares	28,392	-	8,240	36,632
Fund beneficiary certification	15,734	-	-	15,734
Total	<u>\$ 66,844</u>	<u>\$ -</u>	<u>\$ 8,240</u>	<u>\$ 75,084</u>
<u>Financial assets measured at</u>				
<u>FVTOCI</u>				
Equity investments				
– Domestic listed shares and emerging market shares	\$ 287,319	\$ -	\$ 10,437	\$ 297,756
– Domestic unlisted shares	-	-	18,743	18,743
Total	<u>\$ 287,319</u>	<u>\$ -</u>	<u>\$ 29,180</u>	<u>\$ 316,499</u>

There were no transfers between Level 1 and Level 2 for nine months ended September 30, 2021 and 2020, respectively.

B. Valuation techniques and inputs applied for Level 3 fair value Measurement

The market approach is used to arrive at their fair value, for which, the estimate and assumption regarding relevant information of expected present value of profits and losses calculated by held investments, in consideration of liquidity discount, with reference to the listed and emerging market companies and similar companies.

(3) Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Measured at FVTPL			
Mandatorily measured at FVTPL	\$ 60,470	\$ 396,264	\$ 75,084
Financial assets measured at amortized cost (Note 1)	4,475,988	3,098,473	3,091,277
Financial assets measured at FVTOCI— Investments in equity instruments	348,371	339,515	316,499
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,817,964	2,492,646	1,972,674

Note;1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, trade receivable, other receivable and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, trade payable, other payable, and deposits received.

(4) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk relating to the operations, based on related protocols and internal control procedures. The Group's financial department measures the aforementioned risks based on the Group's risk appetite, and reports to the board of directors for carrying out relevant policies.

A. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

(A) Foreign currency risk

The Group's purchases are denominated in foreign currencies, thus the Group is exposed to foreign currency risks. Exchange rate exposures are managed within approved policy parameters utilizing foreign financial instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities of non-functional currency calculated (including those eliminated on consolidation) at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group's exchange rate exposure was in the exchange rate of U.S. dollars.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. If the New Taiwan dollar appreciates/depreciates 5% against the relevant currency, the Group's net profit for the nine months ended September 30, 2021 and 2020 would increase/decrease by \$18,258 thousand and \$6,684 thousand, respectively.

(B) Interest rate risk

The Group was exposed to interest rate risk at fair value, because the Group borrowed funds at fixed interest rates. The Group assesses the interest rate of the bank loan regularly, observes influences on profits or losses from fluctuation range of the interest rate, and keeps contact with the bank based on the actual requirement to acquire favorable interest rate of the loan.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Interest rate risks at fair value			
– Financial assets	\$ 200,980	\$ 206,574	\$ 526,686
– Financial liabilities	463,980	13,091	14,936
Interest rate risks at cash flows			
– Financial assets	1,020,171	739,139	500,239

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2021 and 2020 would increase/ decrease by \$3,826 thousand and \$1,876 thousand, respectively. Exposure is triggered by risks of cash flows of the Group's variable interest rates of deposits.

(C) Other price risk

The Group is exposed to equity price risks arising from equity investments of public offering securities and fund beneficiary certificates. Equity investments should be approved by the management, for controlling risks by holding different investment portfolios.

Sensitivity analysis

The following sensitivity analysis is based on risk exposure of equity prices at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the nine months ended September 30, 2021 and 2020 would have increased/decreased by \$3,024 thousand and \$3,754 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the nine months ended September 30, 2021 and 2020 would have increased/decreased by \$17,419 thousand and \$15,825 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

B. Credit risk

A Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the financial department regularly.

To decrease a credit risk, the key management personnel of the Group is responsible for decision of rating criteria, credit limits approval, and other censor procedure, etc., in order to collect delinquent trade receivable. Otherwise, the Group reviews each trade receivable to assure allowance of impairment losses of uncollectable bad debts, hence the key management personnel considers credit risk of trade receivable is insignificant.

The credit risk of the current fund is insignificant, since the Group only transacts with financial institutions with good rating.

Trade receivable consisted of many customers. Ongoing credit evaluation is performed on the financial condition of certain customer's trade receivable. If necessary, purchasing insurance for credit enhancing procedures is a must.

The Group's concentration of credit risk was mainly in the Group's five largest customers, which accounted for 49%, 33% and 36% of trade receivable, respectively, as of September 30, 2021, December 31, 2020 and September 30, 2020.

C. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises financing line of the banking facilities and ensures compliance with the terms of loan agreements.

Liquidity & interest rate risk table

The table below summarizes the due analysis of the maturity profile of the Group's non-derivative financial liabilities, enacted by contractual undiscounted payments of cash flow of financial liabilities, according to remaining contracts on the earliest date on which the Group may be required to pay, including interest and principal of cash flows.

The following tables detail the bank loans are listed on the earliest date on which the Group may be required to pay without considering the probability of the lending bank executing its rights; other non-derivative financial liabilities are listed at their contract repayment dates.

September 30, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>			
No Interest-bearing liabilities	\$ 3,367,091	\$ -	\$ -
Lease liabilities	8,054	6,115	-
Fixed interest rate liabilities	<u>450,750</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,825,895</u>	<u>\$ 6,115</u>	<u>\$ -</u>

December 31, 2020

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>			
No Interest-bearing liabilities	\$ 2,491,846	\$ -	\$ -
Lease liabilities	<u>7,636</u>	<u>5,192</u>	<u>-</u>
	<u>\$ 2,499,482</u>	<u>\$ 5,192</u>	<u>\$ -</u>

September 30, 2020

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>			
No Interest-bearing liabilities	\$ 1,971,874	\$ -	\$ -
Lease liabilities	<u>7,620</u>	<u>7,608</u>	<u>-</u>
	<u>\$ 1,979,494</u>	<u>\$ 7,608</u>	<u>\$ -</u>

The working capital of the Group is sufficient to meet the cash flow demand, therefore the Group does not have financial problems. Even if the demand exists, it shall be short-term. The Group's loans are less than one year and the Group has available bank facilities. After considering the financial position of the Group, the management does not think the banks will execute their rights of requiring the Group to repay the bank loans.

As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's unused short-term credit of limit of the bank were \$800,000 thousand, \$1,250,000 thousand and \$1,250,000 thousand, respectively.

27. TRANSACTIONS WITH RELATED PARTIES

Transactions and balances apply for the profits and losses, revenues and expenses between the Group and its subsidiaries, which were related parties of the Group, had been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

Compensation of key management personnel

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Short-term employee benefits	<u>\$ 7,857</u>	<u>\$ 3,287</u>	<u>\$ 43,380</u>	<u>\$ 41,558</u>

The compensation of directors and other key management personnel are decided by personal performance and economic market trend through the remuneration committee.

28. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for bank borrowings, tariff guarantee for imported commodities:

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment, Net	\$ 206,579	\$ 207,620	\$ 207,967
Pledged time deposits (Financial assets at amortized cost – non-current)	<u>35,561</u>	<u>25,465</u>	<u>25,345</u>
	<u>\$ 242,140</u>	<u>\$ 233,085</u>	<u>\$ 233,312</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of September 30, 2021, the Group opens NT\$ 87,000 thousand of cashier order for payment guaranteed for Microsoft Taiwan Corporation.
- (2) As of September 30, 2021, the Group opens NT\$ 50,000 thousand of cashier order for payment guaranteed for Microsoft Regional Sales Corporation.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 48,493	27.85 (USD:NTD)	<u>\$ 1,350,530</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	61,605	27.85 (USD:NTD)	<u>\$ 1,715,699</u>

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 12,526	28.48 (USD:NTD)	<u>\$ 356,740</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	41,312	28.48 (USD:NTD)	<u>\$ 1,176,566</u>

September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 24,018	29.10 (USD:NTD)	<u>\$ 698,924</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	28,612	29.10 (USD:NTD)	<u>\$ 832,609</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Nine Months Ended September 30, 2021		For the Nine Months Ended September 30, 2020	
	Exchange Rate	Net Foreign exchange gain (loss)	Exchange Rate	Net Foreign exchange gain (loss)
<u>Foreign currencies</u>				
USD	28.067 (USD:NTD)	<u>\$ 21,275</u>	29.817 (USD:NTD)	<u>\$ 661</u>
	For the Three Months Ended September 30, 2021		For the Three Months Ended September 30, 2020	
	Exchange Rate	Net Foreign exchange gain (loss)	Exchange Rate	Net Foreign exchange gain (loss)
<u>Foreign currencies</u>				
USD	27.858 (USD:NTD)	<u>\$ 2,926</u>	29.450 (USD:NTD)	<u>\$ 6,303</u>

31. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions:

- A. Financing provided to others (Table 1)
- B. Endorsements/guarantees provided (None)
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- D. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- I. Trading in derivative instruments (None)
- J. Other: Intercompany relationships and significant intercompany transactions (Table 3)

(2) Information on investees: (Table 4)

(3) Information on investment in Mainland China:

- A. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
- B. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
- (i) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (ii) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (iii) The amount of property transactions and the amount of the resultant gains or losses.
 - (iv) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (v) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - (vi) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(4) Information on major shareholder: List of all shareholders with ownership of 5 percent or greater showing the name, the number of shares and percentage of ownership held by each shareholder. (Table 6)

32. SEGMENT INFORMATION

The management monitors the operating results focusing on the types of products and services acquired or provided of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The department of the Group's business division of brands distribution or others shall be reported.

(1) Segments revenue & operating results

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

	The business division of brands distribution	Other	Eliminations	Total
<u>For the nine months ended</u>				
<u>September 30, 2021</u>				
Revenues from external customers	\$ 9,672,710	\$ 167,339	\$ -	\$ 9,840,049
Inter-segment revenues	<u>-</u>	<u>38,004</u>	<u>(38,004)</u>	<u>-</u>
Segment revenues	<u>\$ 9,672,710</u>	<u>\$ 205,343</u>	<u>(\$ 38,004)</u>	<u>9,840,049</u>
Consolidated revenues				<u>\$ 9,840,049</u>
Segment profit (loss)	<u>\$ 596,363</u>	<u>(\$ 13,704)</u>	<u>\$ -</u>	\$ 582,659
General administration division costs and remuneration of directors				(113,893)
Interest income				3,597
Other income				16,204
Other gains and losses				26,745
Net gain on derecognition of financial assets at amortized cost				2,692
Finance costs				(889)
Share of loss of associates accounted for using equity method				<u>(1,873)</u>
Net income before tax				<u>\$ 515,242</u>

	The business division of brands distribution	Other	Eliminations	Total
<u>For the nine months ended</u>				
<u>September 30, 2020</u>				
Revenues from external customers	\$ 7,485,310	\$ 113,231	\$ -	\$ 7,598,541
Inter-segment revenues	-	26,951	(26,951)	-
Segment revenues	<u>\$ 7,485,310</u>	<u>\$ 140,182</u>	<u>(\$ 26,951)</u>	<u>7,598,541</u>
Consolidated revenues				<u>\$ 7,598,541</u>
Segment profit (loss)	<u>\$ 518,039</u>	<u>(\$ 1,763)</u>	<u>\$ -</u>	\$ 516,276
General administration division costs and remuneration of directors				(107,562)
Interest income				15,368
Other income				13,353
Other gains and losses				2,944
Finance costs				(2,068)
Net income before tax				<u>\$ 438,311</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and remuneration of directors, share of profit or loss of associates, dividend income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Total segment assets and liabilities

The assets and liabilities of the Group haven't been provided to the operating decision maker, hence valuation number of assets and liabilities shall not be disclosed.

(3) Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
IT Infrastructure	\$ 4,125,362	\$ 2,216,140
Network & Information Security	3,651,634	3,578,137
Cloud Platform & Application	1,645,925	1,434,828
Big Data & Application	413,903	366,445
Other	3,225	2,991
	<u>\$ 9,840,049</u>	<u>\$ 7,598,541</u>

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

Table 1

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing (Note 3)	Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 5)	Note
													Item	Value			
0	ZOTC	Zerone Win Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 50,000	\$ 50,000	\$ -	3%	2	\$ -	Operating Capital	\$ -	-	\$ -	\$ 273,868	\$ 547,736	
0	ZOTC	WingWill International Co., Ltd.	Other receivables from related parties	Yes	20,000	20,000	5,000	3%	2	-	Operating Capital	-	-	\$ -	273,868	547,736	

Note 1 : The number column is organized as follows :

- (1) Number 0 represents the issuer.
- (2) The investee companies are numbered from 1 in order.

Note 2 : Maximum balance of financing provided to others for the period.

Note 3 : Reference for the nature for financing provided to others.

- (1) 1:The borrower has business contact with the creditor.
- (2) 2:The borrower has short-term financing necessities.

Note 4 : For short-term financing necessities, the financing limit for each borrower shall not exceed 10% of the lender's net worth as stated in its latest financial statement audited or reviewed by CPAs.

Note 5 : Aggregate financing limit shall not exceed 20% of the lender's net worth as stated in its latest financial statement audited or reviewed by CPAs.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2021

Table 2

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Beneficiary certificates							
	KGI Kaefer Fund	—	Financial assets at FVTPL — non-current	170,199	3,437	-	3,437	
	KGI Taiwan Multi-Asset Income Fund	—	Financial assets at FVTPL — non-current	1,198,020	13,154	-	13,154	
	KGI Taiwan Select-Asset Income Fund	—	Financial assets at FVTPL — non-current	500,325	5,497	-	5,497	
	Corporate bond							
	M.J. International Co. Ltd. — 1 st convertible bonds	—	Financial assets at FVTPL — current	20 (Units)	2,050	-	2,050	
	LITON TECHNOLOGY CORP. — 4 th convertible bonds	—	Financial assets at FVTPL — current	10 (Units)	1,170	-	1,170	
	EVA AIRWAYS CORPORATION — 5 th convertible bonds	—	Financial assets at FVTPL — current	40 (Units)	4,516	-	4,516	
	Perusahaan Listrik Negara corporate bond (USD)	—	Financial assets at amortized cost — non-current	5 (Units)	15,551	-	15,597	
	Stock							
	Cathay Financial Holdings Preferred Shares A	—	Financial assets at FVTPL — non-current	166,000	10,309	-	10,309	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTPL — non-current	80,000	4,136	-	4,136	
	K Way Information Corp.	Director of ZOTC	Financial assets at FVTOCI — non-current	580,000	15,370	1.89	15,370	
	China Electric Mfg. Corp.	—	Financial assets at FVTOCI — non-current	2,689,200	27,430	0.83	27,430	
Promaster Technology Corp.	—	Financial assets at FVTOCI — non-current	1,264,172	12,092	2.72	12,092		
Unex Technology Corp.	—	Financial assets at FVTOCI — non-current	175,000	3,231	1.68	3,231		
Da-Chang Start-Up Investment Co. Ltd.	—	Financial assets at FVTOCI — non-current	1,500,000	14,911	2.73	14,911		

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI — non-current	134,000	\$ 8,321	-	\$ 8,321	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTOCI — non-current	70,000	3,619	-	3,619	
	Fubon Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	400,000	24,960	-	24,960	
	Taishin Financial Holding Co., Ltd. Preferred Shares E	—	Financial assets at FVTOCI — non-current	240,000	12,504	-	12,504	
	CTBC Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	90,000	5,607	-	5,607	
	Cathay Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI — non-current	230,000	14,306	-	14,306	
	Kwong Lung Enterprise Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI — non-current	270,000	13,176	-	13,176	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI — non-current	700,000	34,615	-	34,615	
	United Orthopedic Corporation Preferred Shares A	—	Financial assets at FVTOCI — non-current	200,000	9,240	-	9,240	
	QST International Corporation Preferred Shares A	—	Financial assets at FVTOCI — non-current	70,000	3,122	-	3,122	
	Chailease Holding Company Limited Class A Preferred Shares	—	Financial assets at FVTOCI — non-current	300,000	29,970	-	29,970	
	Miiicasa Holdings (Cayman) Inc.	—	Financial assets at FVTOCI — non-current	2,500,000	-	3.45	-	
	Duofu Co., Ltd.	—	Financial assets at FVTOCI — non-current	10,000	-	0.22	-	
	Jotangi Technology Co., Ltd.	—	Financial assets at FVTOCI — non-current	796,250	-	9.32	-	
Zerone Win Investment Co., Ltd.	Stock							
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI — non-current	240,000	11,868	-	11,868	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI — non-current	50,000	2,070	-	2,070	
	Tatung System Technologies Inc.	—	Financial assets at FVTOCI — non-current	1,500,000	60,075	1.69	60,075	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Zerone Win Investment Co., Ltd.	LEO Systems, Inc.	—	Financial assets at FVTOCI — non-current	20,000	\$ 469	0.02	\$ 469	
	GrandTech C.G. Systems Inc.	—	Financial assets at FVTOCI — non-current	70,000	3,454	0.12	3,454	
	InfinitesSoft Solutions Inc.	—	Financial assets at FVTOCI — non-current	857,143	20,571	8.82	20,571	
	FiduciaEdge Technologies Co., Ltd.	—	Financial assets at FVTOCI — non-current	500,000	7,500	4.20	7,500	
Petacom Technology Co., Ltd.	Beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at FVTPL — current	1,185,097	16,201	-	16,201	
Zotech Co., Ltd.	Stock WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI — non-current	200,000	9,890	-	9,890	

(Concluded)

Note 1 : Securities, indicated by the above table, are derivative from stock, bonds, beneficiary certificates, and the above items, based on IFRS 9 'Financial Instruments.'

Note 2 : Relevant information about Investments in equity of subsidiaries and associates, please refer to Table 4 & 5.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

Table3 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
0	ZOTC	WingWill International Co., Ltd.	1	Sales revenue	\$ 26,210	Note 5	-
				Trade receivables	8,178	Note 5	-
				Other trade receivables	5,010	Note 5	-
		Techone (Shanghai) Co., Ltd.	1	Sales revenue	7,280	Note 5	-

Note 1 : Business between the parent and subsidiaries is numbered as follows:

1. Parent:0.
2. Subsidiaries are numbered from 1 in order.

Note 2 : Three types of relationship between parties are numbered as follows:

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

Note 3 : Percentage of transaction amounts to consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it shall be calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it shall be calculated by dividing the cumulative balance into consolidated operating revenues.

Note 4 : Only the related parties' transactions over 5,000 thousand are disclosed.

Note 5 : The terms of transactions with intercompany partners are similar to non-related parties.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

Table 4

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
ZOTC	Zotech Co., Ltd.	Taipei City	Manufacturing for computer equipment	\$ 35,000	\$ 35,000	3,500,000	85.37	\$ 37,098	(\$ 6,938)	(\$ 5,923)	Subsidiary
	ZeroneWin Investment Co., Ltd.	Taipei City	Investment	300,000	149,000	30,000,000	100.00	326,939	(9,930)	(9,930)	Subsidiary
	Asiaone Holdings Ltd.	Republic of Seychelles	Holding company	10,063	10,063	320,000	100.00	10,642	1,277	1,277	Subsidiary
ZeroneWin Investment Co., Ltd.	WingWill International Co., Ltd.	Taipei City	Services of cloud information software	25,500	25,500	8,793,103	87.93	969	(5,700)	(5,012)	Sub-subsidiary
	Petacom Technology Co., Ltd.	Taipei City	Services of distribution of information product	50,000	50,000	50,000,000	100.00	41,995	(5,556)	(5,556)	Sub-subsidiary
	DigiCosmos Tech. Co., Ltd.	Taipei City	Services of distribution of information product	50,000	-	5,000,000	100.00	50,000	-	-	Sub-subsidiary
	TrustOne Security Inc.	Taipei City	R&D, sale and service of information software	4,000	-	4,000,000	32.00	2,127	(5,852)	(1,873)	Associate
	Leukocyte-Lab Co. Ltd	Taipei City	Information security management, sales and consulting service etc.	11,500	-	240,0000	37.50	11,500	-	-	Associate

Note: Please refer to Table 5 for information on investment in mainland China.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

Table 5

(In Thousands of New Taiwan Dollars/Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outward	Inward							
Techone (Shanghai) Co., Ltd.	Services of Network Technology	\$ 12,915 (RMB 3,000)	(Note 1)	\$ 9,118	\$ -	\$ -	\$ 9,118	\$ 1,881	70%	\$ 1,316	\$ 10,320	\$ -	—

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 9,118	\$ 9,118	\$ 1,643,208

Note 1 : The Company directly holds 100% of a subsidiary-Asiaone Holdings Ltd., which reinvests the company in Mainland China.

Note 2 : Amount was recognized based on the financial statements which were not reviewed by CPAs on September 30, 2021.

Note 3 : Determined by sixty percent (60%) of the Company's net worth, reviewed by CPAs on September 30, 2021 (2,738,680×60% = 1,643,208)。

Note 4 : For foreign currency conversion, gain (loss) are converted by the average exchange rate in 2021 Q3. Other amounts are converted into New Taiwan Dollars by the exchange rate on September 30, 2021.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS

SEPTEMBER 30, 2021

Table 6

Shareholders	Shares	
	Number of Shares	Ownership Percentage
Ceres Investment Co., Ltd.	9,506,594	7.49%

Note : This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of the Group's ordinary and preference shares including treasury stock in dematerialized form that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter. The share capital recorded, and the actual registered non-physical shares may differ due to different basis of preparation.