

ZERO ONE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED JUNE 30, 2022 AND 2021 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 June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, 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 June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021, 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-De Chen.

Deloitte & Touche

Taipei, Taiwan
Republic of China

July 27, 2022

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

June 30, 2022, December 31, 2021, and June 30, 2021

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 783,836	11	\$ 1,016,070	13	\$ 798,895	14
Financial assets at fair value through profit or loss (Note 7)	169,479	2	346,392	5	168,478	3
Financial assets at fair value through other comprehensive income (Note 8)	2,820	-	-	-	-	-
Financial assets at amortized cost (Note 9)	1,155,155	16	895,930	12	153,070	3
Notes receivable (Note 11)	177,765	2	288,710	4	75,888	1
Trade receivables (Note 11)	2,633,285	36	2,595,990	34	2,419,014	41
Current tax assets	-	-	831	-	831	-
Inventories (Note 12)	1,578,217	21	1,647,322	21	1,447,000	24
Other current assets	27,825	-	31,218	-	16,426	-
Total current assets	<u>6,528,382</u>	<u>88</u>	<u>6,822,463</u>	<u>89</u>	<u>5,079,602</u>	<u>86</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	36,561	1	37,846	-	37,023	-
Financial assets at fair value through other comprehensive income (Note 8)	321,510	4	364,727	5	338,686	6
Financial assets at amortized cost (Notes 9, 10 and 28)	98,001	1	50,565	1	96,853	2
Investment accounted for using equity method (Note 14)	34,405	1	11,541	-	2,897	-
Property, plant and equipment (Notes 15 and 28)	310,417	4	317,114	4	305,603	5
Right-of-use assets (Note 16)	32,289	-	15,146	-	14,516	-
Other intangible assets	2,658	-	2,008	-	2,654	-
Deferred tax assets	46,472	1	44,484	1	42,369	1
Refundable deposits	7,805	-	10,418	-	8,322	-
Prepayments for investments	-	-	-	-	7,500	-
Total non-current assets	<u>890,118</u>	<u>12</u>	<u>853,849</u>	<u>11</u>	<u>856,423</u>	<u>14</u>
TOTAL	<u>\$ 7,418,500</u>	<u>100</u>	<u>\$ 7,676,312</u>	<u>100</u>	<u>\$ 5,936,025</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables	\$ 3,147,815	43	\$ 3,008,135	39	\$ 2,426,243	41
Other payables (Note 17)	159,398	2	270,077	4	617,068	10
Current tax liabilities	91,980	1	98,067	1	74,066	1
Lease liabilities (Note 16)	14,936	-	7,486	-	8,641	-
Other current liabilities (Note 20)	295,040	4	320,003	4	221,426	4
Total current liabilities	<u>3,709,169</u>	<u>50</u>	<u>3,703,768</u>	<u>48</u>	<u>3,347,444</u>	<u>56</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	1,165	-	488	-	138	-
Lease liabilities (Note 16)	17,792	-	8,046	-	6,205	-
Net defined benefit liabilities (Note 18)	18,117	1	19,224	1	20,032	1
Other non-current liabilities	800	-	800	-	800	-
Total non-current liabilities	<u>37,874</u>	<u>1</u>	<u>28,558</u>	<u>1</u>	<u>27,175</u>	<u>1</u>
Total liabilities	<u>3,747,043</u>	<u>51</u>	<u>3,732,326</u>	<u>49</u>	<u>3,374,619</u>	<u>57</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Ordinary shares	1,526,477	20	1,519,707	20	1,264,182	21
Capital surplus	1,237,837	17	1,234,325	16	482,535	8
Retained earnings						
Legal reserve	322,518	4	263,963	3	219,863	4
Unappropriated earnings	498,583	7	831,516	11	555,374	9
Total retained earnings	<u>821,101</u>	<u>11</u>	<u>1,095,479</u>	<u>14</u>	<u>775,237</u>	<u>13</u>
Other equity	49,262	1	58,682	1	28,134	1
Total equity attributable to owners of the Company	<u>3,634,677</u>	<u>49</u>	<u>3,908,193</u>	<u>51</u>	<u>2,550,088</u>	<u>43</u>
NON-CONTROLLING INTERESTS	<u>36,780</u>	<u>-</u>	<u>35,793</u>	<u>-</u>	<u>11,318</u>	<u>-</u>
Total equity	<u>3,671,457</u>	<u>49</u>	<u>3,943,986</u>	<u>51</u>	<u>2,561,406</u>	<u>43</u>
TOTAL	<u>\$ 7,418,500</u>	<u>100</u>	<u>\$ 7,676,312</u>	<u>100</u>	<u>\$ 5,936,025</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 June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 20)	\$ 2,967,967	100	\$ 2,672,217	100	\$ 6,040,943	100	\$ 5,567,706	100
OPERATING COSTS (Notes 12 and 21)	<u>2,607,931</u>	<u>88</u>	<u>2,387,599</u>	<u>89</u>	<u>5,321,829</u>	<u>88</u>	<u>5,003,354</u>	<u>90</u>
GROSS PROFIT	<u>360,036</u>	<u>12</u>	<u>284,618</u>	<u>11</u>	<u>719,114</u>	<u>12</u>	<u>564,352</u>	<u>10</u>
OPERATING EXPENSES (Note 21)								
Selling and marketing expenses	128,843	4	110,829	4	266,032	5	223,092	4
General and administrative expenses	38,722	1	37,748	2	75,821	1	75,464	1
Research and development expenses	3,123	-	1,611	-	6,265	-	3,195	-
Expected credit loss (reversed) recognized on trade receivables (Note 11)	<u>21,676</u>	<u>1</u>	<u>739</u>	<u>-</u>	<u>22,234</u>	<u>-</u>	<u>(3,089)</u>	<u>-</u>
Total operating expenses	<u>192,364</u>	<u>6</u>	<u>150,927</u>	<u>6</u>	<u>370,352</u>	<u>6</u>	<u>298,662</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>167,672</u>	<u>6</u>	<u>133,691</u>	<u>5</u>	<u>348,762</u>	<u>6</u>	<u>265,690</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	3,254	-	1,585	-	5,022	-	2,609	-
Other income	1,964	-	2,734	-	3,145	-	3,112	-
Other gains and losses (Note 21)	6,041	-	11,098	-	7,340	-	23,591	-
Finance costs	(117)	-	(61)	-	(198)	-	(114)	-
Share of loss of associates accounted for using equity method	<u>(2,091)</u>	<u>-</u>	<u>(803)</u>	<u>-</u>	<u>(3,801)</u>	<u>-</u>	<u>(1,103)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,051</u>	<u>-</u>	<u>14,553</u>	<u>-</u>	<u>11,508</u>	<u>-</u>	<u>28,095</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	176,723	6	148,244	5	360,270	6	293,785	5
INCOME TAX EXPENSE (Note 22)	<u>35,089</u>	<u>1</u>	<u>31,718</u>	<u>1</u>	<u>72,460</u>	<u>1</u>	<u>61,928</u>	<u>1</u>
NET PROFIT	<u>141,634</u>	<u>5</u>	<u>116,526</u>	<u>4</u>	<u>287,810</u>	<u>5</u>	<u>231,857</u>	<u>4</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	(20,519)	(1)	(40,265)	(1)	(23,815)	(1)	24,149	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	<u>(244)</u>	<u>-</u>	<u>(118)</u>	<u>-</u>	<u>367</u>	<u>-</u>	<u>(214)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(20,763)</u>	<u>(1)</u>	<u>(40,383)</u>	<u>(1)</u>	<u>(23,448)</u>	<u>(1)</u>	<u>23,935</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 120,871</u>	<u>4</u>	<u>\$ 76,143</u>	<u>3</u>	<u>\$ 264,362</u>	<u>4</u>	<u>\$ 255,792</u>	<u>5</u>
NET PROFIT (LOSS) ATTRIBUTED TO:								
Owners of the Company	\$ 140,219	5	\$ 116,801	4	\$ 286,941	5	\$ 232,629	4
Non-controlling interests	<u>1,415</u>	<u>-</u>	<u>(275)</u>	<u>-</u>	<u>869</u>	<u>-</u>	<u>(772)</u>	<u>-</u>
	<u>\$ 141,634</u>	<u>5</u>	<u>\$ 116,526</u>	<u>4</u>	<u>\$ 287,810</u>	<u>5</u>	<u>\$ 231,857</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:								
Owners of the Company	\$ 119,546	4	\$ 76,456	3	\$ 263,375	4	\$ 256,616	5
Non-controlling interests	<u>1,325</u>	<u>-</u>	<u>(313)</u>	<u>-</u>	<u>987</u>	<u>-</u>	<u>(824)</u>	<u>-</u>
	<u>\$ 120,871</u>	<u>4</u>	<u>\$ 76,143</u>	<u>3</u>	<u>\$ 264,362</u>	<u>4</u>	<u>\$ 255,792</u>	<u>5</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 0.92</u>		<u>\$ 0.93</u>		<u>\$ 1.89</u>		<u>\$ 1.85</u>	
Diluted	<u>\$ 0.91</u>		<u>\$ 0.91</u>		<u>\$ 1.86</u>		<u>\$ 1.81</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 six months ended June 30, 2022 and 2021

(Reviewed, Not Audited)

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

	Equity Attributable to Owners of the Company						Other Equity						Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at FVTOCI	Unearned employee benefits	Total	Total			
	Shares (In Thousand)	Ordinary shares		Legal Reserve	Unappropriated Earnings	Total								
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														
Cash dividends - \$3 per share	-	-	-	-	(377,836)	(377,836)	-	-	-	-	(377,836)	-	(377,836)	
Net profit (loss) for the six months ended June 30, 2021	-	-	-	-	232,629	232,629	-	-	-	-	232,629	(772)	231,857	
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	(150)	24,137	-	23,987	23,987	(52)	23,935	
Total comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	232,629	232,629	(150)	24,137	-	23,987	256,616	(824)	255,792	
Share based payment transaction - employee restricted shares	-	-	-	-	-	-	-	-	2,480	2,480	2,480	-	2,480	
Share based payment transaction - employee stock options	-	-	(94)	-	-	-	-	-	-	-	(94)	-	(94)	
Cancellation of employee restricted shares	(15)	(150)	150	-	-	-	-	-	-	-	-	-	-	
Issuance of ordinary shares under employee stock options	793	7,930	3,722	-	-	-	-	-	-	-	11,652	-	11,652	
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	32,683	32,683	-	(32,683)	-	(32,683)	-	-	-	
BALANCE, JUNE 30, 2021	126,418	\$ 1,264,182	\$ 482,535	\$ 219,863	\$ 555,374	\$ 775,237	(\$ 76)	\$ 31,031	(\$ 2,821)	\$ 28,134	\$ 2,550,088	\$ 11,318	\$ 2,561,406	
BALANCE, JANUARY 1, 2022	151,971	\$ 1,519,707	\$ 1,234,325	\$ 263,963	\$ 831,516	\$ 1,095,479	\$ 6	\$ 60,747	(\$ 2,071)	\$ 58,682	\$ 3,908,193	\$ 35,793	\$ 3,943,986	
Appropriation of the 2021 earnings														
Legal reserve	-	-	-	58,555	(58,555)	-	-	-	-	-	-	-	-	
Cash dividends - \$3.6 per share	-	-	-	-	(547,962)	(547,962)	-	-	-	-	(547,962)	-	(547,962)	
Net profit (loss) for the six months ended June 30, 2022	-	-	-	-	286,941	286,941	-	-	-	-	286,941	869	287,810	
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	257	(23,823)	-	(23,566)	(23,566)	118	(23,448)	
Total comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	286,941	286,941	257	(23,823)	-	(23,566)	263,375	987	264,362	
Share based payment transaction - employee restricted shares	-	-	-	-	-	-	-	-	789	789	789	-	789	
Share based payment transaction - employee stock options	-	-	411	-	-	-	-	-	-	-	411	-	411	
Issuance of ordinary shares under employee stock options	677	6,770	3,101	-	-	-	-	-	-	-	9,871	-	9,871	
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(13,357)	(13,357)	-	13,357	-	13,357	-	-	-	
BALANCE, JUNE 30, 2022	152,648	\$ 1,526,477	\$ 1,237,837	\$ 322,518	\$ 498,583	\$ 821,101	\$ 263	\$ 50,281	(\$ 1,282)	\$ 49,262	\$ 3,634,677	\$ 36,780	\$ 3,671,457	

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

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2022 and 2021

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 360,270	\$ 293,785
Adjustments for:		
Depreciation expenses	15,764	11,900
Amortization expenses	550	578
Expected credit loss (reversal of expected credit loss)	22,234	(3,089)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(267)	(5,242)
Finance costs	198	114
Interest income	(5,022)	(2,609)
Dividend income	(1,659)	(1,678)
Compensation costs of share-based payment	1,200	2,386
Share of loss of associates accounted for using equity method	3,801	1,103
Write-downs of inventories	9,304	21,884
Net loss on foreign currency exchange	5,490	9,476
Gain on lease modification	(91)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	178,465	194,261
Notes receivable	110,945	154,602
Trade receivables	(58,221)	(508,897)
Inventories	59,329	(229,539)
Other current assets	6,423	14,535
Trade payables	125,771	178,216
Other payables	(119,239)	(4,883)
Other current liabilities	(24,963)	5,562
Net defined benefit liabilities	(1,107)	(950)
Cash generated from operations	689,175	131,515
Income tax paid	(79,027)	(52,180)
Net cash generated from operating activities	<u>610,148</u>	<u>79,335</u>

(Continued)

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2022 and 2021

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(\$ 17,218)	(\$ 21,821)
Proceeds from sale of financial assets at fair value through other comprehensive income	19,335	56,799
Purchase of financial assets at amortized cost	(1,211,178)	(194,501)
Proceeds from sale of financial assets at amortized cost	908,669	251,154
Acquisition of investments accounted for using equity method	(12,200)	(4,000)
Increase in prepayments for investments	-	(7,500)
Payments for property, plant and equipment	(1,580)	(2,654)
Increase in refundable deposits	-	(382)
Decrease in refundable deposits	2,613	-
Payments for intangible assets	(1,200)	(980)
Interest received	2,588	3,673
Dividends received	982	-
Net cash (used in) generated from investing activities	<u>(309,189)</u>	<u>79,788</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(6,726)	(4,445)
Dividends paid	(547,962)	-
Exercise of employee stock options	9,871	11,652
Interest paid	(198)	(114)
Net cash (used in) generated from financing activities	<u>(545,015)</u>	<u>7,093</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>11,822</u>	<u>(5,211)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(232,234)	161,005
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,016,070</u>	<u>637,890</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 783,836</u>	<u>\$ 798,895</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 SIX MONTHS ENDED JUNE 30, 2022 and 2021

(Reviewed, Not Audited)

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

1. GENERAL

Zero One Technology Co., Ltd. (the “Company” or “ZOTC”) was incorporated as a company limited by shares under the Company Act of the Republic of China on June 27, 1980. On January 21, 2000, ZOTC’s shares were listed on the 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 ZOTC.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the board of directors on July 27, 2022.

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, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group’s accounting policies.

(2) Amendments to IFRSs endorsed by the FSC for application starting from January 1, 2023

<u>New / Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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.

(3) IFRSs issued 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)</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 IFRS 17 “Initial Application of IFRS 9 and IFRS 17 – Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

Note: 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.

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” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

(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 present value of defined benefits plans deducts net defined benefit liabilities measured at fair value.

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, which can be acquired during measurement date;
- B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- C. Level 3 inputs are unobservable inputs for the asset or liability.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to ensure their accounting policies are in line with those used by the Group. 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 Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Tables 5 and 6 for the detailed information of subsidiaries, the percentage of ownership and main business.

(4) Other Significant Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended 2021.

A. Defined benefits of retirement

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 for the current period, and for amendments in significant plans, settlements, or other significant one-off events.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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

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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and revolving funds	\$ 254	\$ 164	\$ 270
Checking accounts and demand deposits	718,198	877,506	519,971
Cash equivalents			
Time deposits	29,720	-	-
Repurchase agreements collateralized by bonds	35,664	138,400	278,654
	<u>\$ 783,836</u>	<u>\$ 1,016,070</u>	<u>\$ 798,895</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets – current</u>			
Mandatorily measured at FVTPL			
Domestic convertible bonds	\$ 50,335	\$ 30,045	\$ 2,050
Domestic listed ordinary shares	3,902	1,163	-
Fund beneficiary certificates	115,242	315,184	166,428
	<u>\$ 169,479</u>	<u>\$ 346,392</u>	<u>\$ 168,478</u>
<u>Financial assets – non-current</u>			
Mandatorily measured at FVTPL			
Domestic listed preference shares	\$ 14,495	\$ 14,681	\$ 14,672
Fund beneficiary certificates	22,066	23,165	22,351
	<u>\$ 36,561</u>	<u>\$ 37,846</u>	<u>\$ 37,023</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Domestic investment			
Listed ordinary shares	<u>\$ 2,820</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Non-current</u>			
Domestic investment			
Listed and emerging market ordinary shares	\$ 132,994	\$ 141,197	\$ 113,135
Listed preferred shares	148,605	154,877	186,838
Unlisted shares	39,911	68,653	38,713
	<u>\$ 321,510</u>	<u>\$ 364,727</u>	<u>\$ 338,686</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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than three months (1)	\$ 218,204	\$ 148,570	\$ 153,070
Repurchase agreements collateralized by bonds (2)	<u>936,951</u>	<u>747,360</u>	<u>-</u>
	<u>\$ 1,155,155</u>	<u>\$ 895,930</u>	<u>\$ 153,070</u>
<u>Non-current</u>			
Domestic investment			
Pledged time deposit (3)	\$ 35,216	\$ 35,124	\$ 25,560
Foreign investment			
Perusahaan Listrik Negara corporate bond (USD) (4)	31,561	15,441	15,568
Southern California Edison corporate bond (USD) (5)	16,144	-	-
British Telecommunications plc corporate bond (USD) (6)	15,080	-	-
Barclays Bank corporate bond (USD) (7)	-	-	14,533
Prudential plc. corporate bond (USD) (8)	-	-	28,373
AT&T corporate bond (USD) (9)	<u>-</u>	<u>-</u>	<u>12,819</u>
	<u>\$ 98,001</u>	<u>\$ 50,565</u>	<u>\$ 96,853</u>

- (1) As of June 30, 2022, December 31, 2021 and June 30, 2021, the market interest rate intervals of time deposit with original maturities of more than three months were 0.76%~2.20%, 0.76%~0.815% and 0.63%~0.815%, respectively.
- (2) As of June 30, 2022 and December 31, 2021, the market interest rate intervals of repurchase agreements collateralized by bonds with original maturities of more than three months were 0.50%~1.05% and 0.30%~0.40%.
- (3) Please refer to Note 28 for more details on financial assets at amortized cost under pledge.
- (4) The Group purchased Perusahaan Listrik Negara corporate bond (USD) by USD 505 thousand with a coupon rate of 4.875% and USD 559 thousand with a coupon rate of 5.25%, in January 2022 and May 2021, respectively.
- (5) The Group purchased Southern California Edison corporate bond (USD) by USD 544 thousand with a coupon rate of 4% in January 2022.
- (6) The Group purchased British Telecommunications plc corporate bond (USD) by USD 508 thousand with a coupon rate of 4.25% in February 2022.
- (7) The Group purchased Barclays Bank corporate bond (USD) by USD 527 thousand, with a coupon rate of 4.836%, in August 2019, and the Group sold all bonds in July 2021.
- (8) The Group purchased Prudential plc. corporate bond (USD) by USD 1,040 thousand, with a coupon rate of 4.875%, in August 2019, and the Group sold all bonds in July 2021.
- (9) The Group purchased AT&T corporate bond (USD) by USD 460 thousand with a coupon rate of 3.65% in March 2021 and the Group sold all bonds in August 2021.
- (10) 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 June 30, 2022, December 31, 2021 and June 30, 2021.

11. NOTES, TRADE RECEIVABLE AND OVERDUE RECEIVABLES

	June 30, 2022	December 30, 2021	June 30, 2021
Measured at amortized cost			
Notes receivable	\$ 177,765	\$ 288,710	\$ 75,888
Trade receivable	2,658,961	2,600,741	2,427,356
Overdue receivables	1,309	-	411
Deduct: Allowance for impairment loss	(26,985)	(4,751)	(8,753)
	<u>\$ 2,811,050</u>	<u>\$ 2,884,700</u>	<u>\$ 2,494,902</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:

June 30, 2022

	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	\$ 2,749,782	\$ 11,269	\$ 48,072	\$ 4,266	\$ 24,646	\$ 2,838,035
Loss allowance (Lifetime ECLs)	(199)	(141)	(1,604)	(770)	(24,271)	(26,985)
Amortized cost	<u>\$ 2,749,583</u>	<u>\$ 11,128</u>	<u>\$ 46,468</u>	<u>\$ 3,496</u>	<u>\$ 375</u>	<u>\$ 2,811,050</u>

December 31, 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	\$2,850,119	\$ 20,301	\$ 12,883	\$ 5,297	\$ 851	\$2,889,451
Loss allowance (Lifetime ECLs)	(435)	(776)	(1,625)	(1,064)	(851)	(4,751)
Amortized cost	<u>\$2,849,684</u>	<u>\$ 19,525</u>	<u>\$ 11,258</u>	<u>\$ 4,233</u>	<u>\$ -</u>	<u>\$2,884,700</u>

June 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	\$ 2,490,681	\$ 12,483	\$ 55	\$ 25	\$ 411	\$ 2,503,655
Loss allowance (Lifetime ECLs)	(5,268)	(3,044)	(20)	(10)	(411)	(8,753)
Amortized cost	\$ 2,485,413	\$ 9,439	\$ 35	\$ 15	\$ -	\$ 2,494,902

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

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Balance at January 1	\$ 4,751	\$ 12,906
Add: Net remeasurement of loss allowance	22,234	-
Deduct: Reversal of loss allowance	-	(3,089)
Amounts written off	-	(1,064)
Balance at June 30	\$ 26,985	\$ 8,753

12. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 2,582	\$ 2,914	\$ 11,933
Work in process	4,578	2,777	1,673
Finished goods	975	513	580
Commodities	1,570,082	1,641,118	1,432,814
	\$ 1,578,217	\$ 1,647,322	\$ 1,447,000

The nature of the cost of goods sold is as follows:

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Cost of inventories sold	\$ 2,580,005	\$ 2,356,636	\$ 5,312,525	\$ 4,981,470
Write-down of inventories	27,926	30,963	9,304	21,884
	\$ 2,607,931	\$ 2,387,599	\$ 5,321,829	\$ 5,003,354

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
			June 30, 2022	December 31, 2021	June 30, 2021	
ZOTC	Zotech Co., Ltd.	Manufacturing for computer equipment	85.37%	85.37%	85.37%	-
	Zerone Win Investment Co., Ltd.	Investment	100.00%	100.00%	100.00%	-
	Asiaone Holdings Ltd.	Holding company	100.00%	100.00%	100.00%	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
Zerone Win Investment Co., Ltd.	WingWill International Co., Ltd.	Services of cloud information software	87.93%	87.93%	87.93%	-
	Petacom Technology Co., Ltd.	Services of distribution of information product	100.00%	100.00%	100.00%	-
	DigiCosmos Tech. Co., Ltd.	Services of information security consulting	50.00%	50.00%	100.00%	Note
Asiaone Holdings Ltd.	Techone (Shanghai) Co., Ltd.	Technical service for network technology	70.00%	70.00%	70.00%	-

(Concluded)

Note: It was established in May 2021, the Group transferred part of its shares in December 2021, resulting in a decrease in the shareholding ratio from 100% to 50%, but the Group still holds the majority of directors. The transaction as mentioned above did not change the degree of control from the Group to this subsidiary, and was considered as equity transaction, and the consideration received was \$25,000 thousand and the carrying amount of the subsidiary's net assets \$24,932 thousand was calculated based on changes in relative equity. The difference between the actual acquisition or disposal of the equity share price of the subsidiary company and the book value was recognized as capital reserve at \$68 thousand.

The above subsidiaries are not significant 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.

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

14. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	June 30, 2022	December 31, 2021	June 30, 2021
Individual Insignificant Associate			
TrustONE Security Inc.	\$ 2,692	\$ 1,397	\$ 2,897
Leukocyte-Lab Co. Ltd.	8,248	10,144	-
InfinitesSoft Solutions Inc.	23,465	-	-
	<u>\$ 34,405</u>	<u>\$ 11,541</u>	<u>\$ 2,897</u>

Name of Associates	Percentage of Equity Holding and Voting Rights		
	June 30, 2022	December 31, 2021	June 30, 2021
TrustONE Security Inc.	32%	32%	32%
Leukocyte-Lab Co. Ltd.	37.5%	37.5%	-
InfinitesSoft Solutions Inc.	24.33%	-	-

The Group invested in TrustOne Security Inc. in February 2021 with the investment amount of \$4,000 thousand and share-holding ratio of 32%. The Group subscribed for additional new shares of \$3,200 pro rata in January 2022. TrustOne Security Inc. engages mainly in the R&D, sale and service of information software.

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

The Group acquire the shares of InfinitiesSoft Solutions Inc. for \$9,000 thousand in June, 2022, and the share-holding ratio increased from 15% to 24.33%. Since the Group has significant influence over InfinitiesSoft Solutions Inc., it has been transferred from financial assets at fair value through other comprehensive profit or loss to investments using the equity method. InfinitiesSoft Solutions Inc. engages mainly in software development, and services of information and computer software.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Land	\$ 234,892	\$ 234,892	\$ 234,892
Buildings	51,978	52,887	53,794
Machinery equipment	109	143	-
Office equipment	8,629	10,135	8,737
Delivery equipment	246	490	738
Other equipment	14,563	18,567	7,442
	<u>\$ 310,417</u>	<u>\$ 317,114</u>	<u>\$ 305,603</u>

Except for depreciation recognized, property, plant and equipment of the Group were not significantly increased, disposed nor impaired for the six months ended June 30, 2022 and 2021.

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

Buildings	7-50 Years
Machinery equipment	3 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

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts of right-of-use assets			
Buildings	\$ 32,289	\$ 15,003	\$ 14,273
Office equipment	-	143	243
	<u>\$ 32,289</u>	<u>\$ 15,146</u>	<u>\$ 14,516</u>
	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022
Additions to right-of-use assets			<u>\$ 25,399</u>
Depreciation charge for right-of-use assets			<u>\$ 6,226</u>
Buildings	\$ 3,675	\$ 2,349	\$ 6,929
Office equipment	23	50	73
	<u>\$ 3,698</u>	<u>\$ 2,399</u>	<u>\$ 7,002</u>
			<u>\$ 4,712</u>

(2) Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts of lease liabilities			
Current	\$ 14,936	\$ 7,486	\$ 8,641
Non-current	\$ 17,792	\$ 8,046	\$ 6,205

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Buildings	0.75%~4.75%	0.75%~4.75%	0.94%~4.75%
Office equipment	-	1.20%	1.20%

(3) Other lease information

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Expenses relating to short-term leases	\$ 127	\$ 350	\$ 344	\$ 461
Expenses relating to low-value asset leases	\$ 40	\$ 13	\$ 53	\$ 25
Total cash (outflow) for leases	(\$ 3,871)	(\$ 2,874)	(\$ 7,296)	(\$ 5,045)

17. OTHER PAYABLE

	June 30, 2022	December 31, 2021	June 30, 2021
Dividends payable	\$ -	\$ -	\$ 377,836
Salaries and bonuses payable	62,841	135,443	50,567
Compensation of employees and directors payable	17,087	43,071	54,127
Others	79,470	91,563	134,538
	<u>\$ 159,398</u>	<u>\$ 270,077</u>	<u>\$ 617,068</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended and six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans were \$28 thousand, \$65 thousand, \$57 thousand and \$131 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

19. EQUITY

(1) Ordinary Shares

	June 30, 2022	December 31, 2021	June 30, 2021
Shares authorized (in thousands of shares)	200,000	200,000	150,000
Authorized capital	\$ 2,000,000	\$ 2,000,000	\$ 1,500,000
Shares issued and fully paid (in thousands of shares)	152,648	151,971	126,418
Issued capital	\$ 1,526,477	\$ 1,519,707	\$ 1,264,182

The change in share capital is mainly due to the issuance of new shares from cash capital increase, employee stock options exercised and the cancellation of employee restricted shares.

As per the resolution of the board of directors' meeting held on October 13, 2021, the Company issued 25,000 thousand new shares with a par value of \$10 per share at an issue price of \$40, with December 21, 2021 as the base date for the capital increase.

(2) Capital Surplus

	June 30, 2022	December 31, 2021	June 30, 2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> (Note)			
Premium on shares issued above par value	\$ 1,162,936	\$ 1,159,835	\$ 409,673
Treasury stock transactions	25,343	25,343	25,343
From exercised and invalid employees stock options	25,932	21,459	17,877
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	68	68	-
Vested employees restricted shares	6,712	4,621	4,621
<u>May not be used for any purpose</u>			
Employees restricted shares	1,714	3,805	3,805
Employees stock options	<u>15,132</u>	<u>19,194</u>	<u>21,216</u>
	<u>\$ 1,237,837</u>	<u>\$ 1,234,325</u>	<u>\$ 482,535</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when ZOTC has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of ZOTC's capital surplus).

(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 employees' and directors' compensation, refer to compensation of employees and directors in Note 21 (4).

ZOTC adopts a dividend distribution policy whereby only surplus profits of ZOTC shall be distributed to shareholders. Based on the Company'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.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

The appropriations of earnings for 2021 and 2020 are as follows:

	For Fiscal Year 2021	For Fiscal Year 2020
Legal reserve	<u>\$ 58,555</u>	<u>\$ 44,100</u>
Cash dividends	<u>\$ 547,962</u>	<u>\$ 377,836</u>
Cash dividends per share (NT\$)	<u>\$ 3.6</u>	<u>\$ 3</u>

The cash dividends listed above were approved by the board of directors on February 23, 2022 and February 24, 2021, respectively. The remaining appropriations of earnings were approved by the shareholders' meeting on May 26, 2022 and August 4, 2021, respectively.

20. REVENUE

(1) Income from contracts with clients

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Sales revenue	\$ 2,946,125	\$ 2,650,870	\$ 5,996,572	\$ 5,532,192
Service revenue	<u>21,842</u>	<u>21,347</u>	<u>44,371</u>	<u>35,514</u>
	<u>\$ 2,967,967</u>	<u>\$ 2,672,217</u>	<u>\$ 6,040,943</u>	<u>\$ 5,567,706</u>

(2) Remaining balance of the contracts

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable (Note 11)	<u>\$ 177,765</u>	<u>\$ 288,710</u>	<u>\$ 75,888</u>
Trade receivable (Note 11)	<u>\$ 2,633,285</u>	<u>\$ 2,595,990</u>	<u>\$ 2,419,014</u>
Contract liability (Other current liabilities)	<u>\$ 44,378</u>	<u>\$ 52,817</u>	<u>\$ 38,128</u>

21. NET INCOME

(1) Other gains and losses

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Net foreign exchange profit	\$ 6,218	\$ 8,152	\$ 7,096	\$ 18,349
Net gain (loss) arising on financial assets measured at FVTPL	(178)	2,946	267	5,242
Gain on lease modification	2	-	91	-
Others	(1)	-	(114)	-
	<u>\$ 6,041</u>	<u>\$ 11,098</u>	<u>\$ 7,340</u>	<u>\$ 23,591</u>

(2) Depreciation & amortization

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Property, plant and equipment	\$ 4,288	\$ 3,467	\$ 8,762	\$ 7,188
Right-of-use assets	3,698	2,399	7,002	4,712
Intangible assets	<u>282</u>	<u>343</u>	<u>550</u>	<u>578</u>
	<u>\$ 8,268</u>	<u>\$ 6,209</u>	<u>\$ 16,314</u>	<u>\$ 12,478</u>
An analysis of depreciation by function				
Operating expenses	<u>\$ 7,986</u>	<u>\$ 5,866</u>	<u>\$ 15,764</u>	<u>\$ 11,900</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 282</u>	<u>\$ 343</u>	<u>\$ 550</u>	<u>\$ 578</u>

(3) Employee benefits expense

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Post-employment benefits				
Defined contribution plans	\$ 3,492	\$ 3,003	\$ 6,790	\$ 5,904
Defined benefit plans (Note 18)	<u>28</u>	<u>65</u>	<u>57</u>	<u>131</u>
	<u>3,520</u>	<u>3,068</u>	<u>6,847</u>	<u>6,035</u>
Share-based payment				
Equity-settled (Note 24)	<u>601</u>	<u>1,844</u>	<u>1,200</u>	<u>2,386</u>
Other employee benefits	<u>112,239</u>	<u>102,280</u>	<u>232,276</u>	<u>205,420</u>
Total employee benefits expense	<u>\$ 116,360</u>	<u>\$ 107,192</u>	<u>\$ 240,323</u>	<u>\$ 213,841</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 177	\$ 882	\$ 338	\$ 1,774
Operating expenses	<u>116,183</u>	<u>106,310</u>	<u>239,985</u>	<u>212,067</u>
	<u>\$ 116,360</u>	<u>\$ 107,192</u>	<u>\$ 240,323</u>	<u>\$ 213,841</u>

(4) Compensation of employees and remuneration of directors

The Company shall allocate compensation of employees and remuneration of directors at the range between 1%~15% and no more than 3% of annual profits during the period, respectively. The estimate of compensation of employees and remuneration of directors for the three and six months ended June 30, 2022 and 2021 were as follows:

Estimate Rate

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Compensation of employees	3%	4%
Compensation of directors	1.5%	2%

Amount

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Compensation of employees	\$ 3,430	\$ 6,328	\$ 11,194	\$ 12,471
Remuneration of directors	2,686	3,165	5,597	6,236

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 directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on February 23, 2022 and February 24, 2021, respectively, are as follows:

	2021 Cash	2020 Cash
Compensation of employees	\$ 28,714	\$ 23,613
Remuneration of directors	14,357	11,807

There was no difference between the actual amounts of the compensation of employees and directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

(1) Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Current tax				
In respect of the current period	\$ 39,645	\$ 37,487	\$ 73,618	\$ 67,049
Adjustments for prior year	116	(464)	153	(464)
Deferred tax				
In respect of the current period	(4,672)	(5,305)	(1,311)	(4,657)
Income tax expense recognized in profit or loss	<u>\$ 35,089</u>	<u>\$ 31,718</u>	<u>\$ 72,460</u>	<u>\$ 61,928</u>

(2) Income tax assessment

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

<u>Company</u>	<u>Year of Assessment</u>
The Company	2019
Zotech Co., Ltd.	2020
Zerone Win Investment Co., Ltd.	2020
WingWill International Co., Ltd.	2020
Petacom Technology Co., Ltd	2020

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 June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 140,219</u>	<u>\$ 116,801</u>	<u>\$ 286,941</u>	<u>\$ 232,629</u>

Shares

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	152,095	125,856	151,977	125,638
Effect of potentially dilutive ordinary shares:				
Compensation of employees	287	273	479	448
Employee share options	1,679	2,287	1,784	2,335
Employees restricted stock	<u>275</u>	<u>413</u>	<u>291</u>	<u>430</u>
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	<u>154,336</u>	<u>128,829</u>	<u>154,531</u>	<u>128,851</u>

If the Group offered to settle the compensation paid to employees in cash or shares, 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 stock option plan

In August 2015, September 2016, January 2018, and September 2018, 1,000, 1,860, 2000, and 2,000 options were granted to qualified employees of ZOTC, and each option entitles the holder to subscribe for 1,000 ordinary shares of ZOTC when exercisable. The options granted are valid for 6 years and shall be exercised a portion of them after two years from the date of grant. The options were granted at an exercise price equal to the fair value of ZOTC's ordinary shares on the grant date. For any subsequent changes in ZOTC's ordinary shares, the exercise price of options will be adjusted by the regulated formula, accordingly.

Information on employee stock options was as follows:

	For the Six Months Ended June 30, 2022		For the Six Months Ended June 30, 2021	
	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (\$)
Employee stock options				
Balance at January 1	3,034	\$ 15.93	4,468	\$ 16.70
Options exercised	(677)	14.58	(793)	14.69
Options forfeited	-	-	(88)	17.82
Options outstanding, at June 30	<u>2,357</u>	14.89	<u>3,587</u>	17.12
Options exercisable, at June 30	<u>1,629</u>		<u>1,601</u>	

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

June 30, 2022		December 31, 2021		June 30, 2021	
Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)	Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)	Range of Exercise Price (\$)	Weighted- Over-Age Remaining Contractual Life (Year)
\$ -	-	\$ -	-	\$ 11.70 (Note)	0.17
11.50 (Note)	0.18	12.50 (Note)	0.68	13.40 (Note)	1.18
14.20 (Note)	1.51	15.40 (Note)	2.01	16.80 (Note)	2.51
15.50 (Note)	2.17	16.90 (Note)	2.67	18.40 (Note)	3.17

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

The Company adopted binomial option pricing model and Black-Scholes pricing 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%
Risk-free rate	0.72%	0.74%	0.56%	0.77%~0.87%

The compensation cost recognized (reversed) were \$206 thousand, \$777 thousand, \$411 thousand and (\$94) thousand for the three and six months ended June 30, 2022 and 2021, respectively.

(2) Employees restricted stock

The shareholders meeting of the ZOTC, 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 of directors to decide the issue price at the issuance date. The board of directors 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 have 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 have 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 have 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 stocks 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 \$395 thousand, \$1,067 thousand, \$789 thousand and \$2,480 thousand for the three and six months ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and for the same period in 2021, the unearned employee benefit totaled \$1,282 thousand and \$2,821 thousand, accounted for as the decrease in other equity.

(3) Reserve of cash capital increase for employee stock options

The Company reserved the cash capital increase for employee stock options in November 2021, this was calculated based on Black-Scholes price model and the parameters used are as follows:

Securities price of the vested date	\$37.65
Exercised price	\$40.00
Foreseeable volatility rate	20.07%
Foreseeable duration	0.0658 year
Risk-free interest rate	0.2352%

25. CAPITAL RISK MANAGEMENT

The Group operates as a distributor of enterprise software and hardware, and has no plans to impose any large capital expenditures presently or in the future. The Group manages its capital to meet requirements of operating funds and dividend expenses, based on scale of the enterprise, and the growth and development of industry perspectives. The Group periodically reviews the policy of capital risk management which is in line with the principle of adopting 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:

	June 30, 2022		December 31, 2021		June 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>						
Financial assets at amortized cost						
— Foreign corporate bonds	\$ 62,785	\$ 48,399	\$ 15,441	\$ 15,585	\$ 71,293	\$ 74,362

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

A. Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at FVTPL</u>				
Domestic convertible bonds	\$ 50,335	\$ -	\$ -	\$ 50,335
Domestic listed shares	18,397	-	-	18,397
Fund beneficiary certificates	128,109	-	9,199	137,308
Total	<u>\$ 196,841</u>	<u>\$ -</u>	<u>\$ 9,199</u>	<u>\$ 206,040</u>

Financial assets measured at FVTOCI

Equity investments

— Domestic listed shares and emerging market shares	\$ 284,419	\$ -	\$ -	\$ 284,419
— Domestic unlisted shares	-	-	39,911	39,911
Total	<u>\$ 284,419</u>	<u>\$ -</u>	<u>\$ 39,911</u>	<u>\$ 324,330</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at FVTPL</u>				
Domestic convertible bonds	\$ 30,045	\$ -	\$ -	\$ 30,045
Domestic listed shares	15,844	-	-	15,844
Fund beneficiary certificates	328,782	-	9,567	338,349
Total	<u>\$ 374,671</u>	<u>\$ -</u>	<u>\$ 9,567</u>	<u>\$ 384,238</u>

Financial assets measured at FVTOCI

Equity investments

— Domestic listed shares and emerging market shares	\$ 296,074	\$ -	\$ -	\$ 296,074
— Domestic unlisted shares	-	-	68,653	68,653
Total	<u>\$ 296,074</u>	<u>\$ -</u>	<u>\$ 68,653</u>	<u>\$ 364,727</u>

June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at</u>				
<u>FVTPL</u>				
Domestic convertible bonds	\$ 2,050	\$ -	\$ -	\$ 2,050
Domestic listed shares	14,672	-	-	14,672
Fund beneficiary certificates	<u>179,690</u>	<u>-</u>	<u>9,089</u>	<u>188,779</u>
Total	<u>\$ 196,412</u>	<u>\$ -</u>	<u>\$ 9,089</u>	<u>\$ 205,501</u>
<u>Financial assets measured at</u>				
<u>FVTOCI</u>				
Equity investments				
—Domestic listed shares and emerging market shares	\$ 287,881	\$ -	\$ 12,092	\$ 299,973
—Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>38,713</u>	<u>38,713</u>
Total	<u>\$ 287,881</u>	<u>\$ -</u>	<u>\$ 50,805</u>	<u>\$ 338,686</u>

There were no transfers of financial assets between the fair value measurements of Level 1 and Level 2 for the six months ended June 30, 2022 and 2021.

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

Fund beneficiary certificates are an asset-based method that estimates the fair value of individual assets covered by the valuation and evaluation targets, and the total market value of individual liabilities.

Domestic unlisted stocks are based on the market method, which is mainly calculated by referring to the relevant information of listed companies or those with similar industrial nature, and taking into account of their liquidity discounts.

(3) Categories of financial instruments

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
<u>Financial assets</u>			
Measured at FVTPL			
Mandatorily measured at FVTPL	\$ 206,040	\$ 384,238	\$ 205,501
Financial assets measured at amortized cost (Note 1)	4,855,847	4,882,817	3,557,131
Financial assets measured at FVTOCI			
—Investments in equity instruments	324,330	364,727	338,686
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,308,013	3,279,012	3,044,111

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 and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise 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 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 financial risk which the Group needs to manage as a result of operating activities is 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 interest rates had been 5 % higher/lower, the Group's net profit for the six months ended June 30, 2022 and 2021 would increase by \$658 thousand and \$22,833 thousand, respectively.

b. Interest rate risk

The Group accesses the interest rate of the bank loan, observes influences on profits or losses from fluctuation range of the interest rate, keeps contact with the bank based on the actual requirement, and acquires the best interest rate of the loan.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Interest rate risks at fair value			
– Financial assets	\$ 1,178,354	\$ 944,802	\$ 398,539
– Financial liabilities	32,728	15,532	14,846
Interest rate risks at cash flows			
– Financial assets	858,384	1,017,599	650,009

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 and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2022 and 2021 would increase by \$2,146 thousand and \$1,625 thousand, respectively.

c. Other price risk

The Group is exposed to price risks arising from investments of shares, bonds and fund beneficiary certificates. 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, pre-tax profit for the six months ended June 30, 2022 and 2021 would have increased by \$10,302 thousand and \$10,275 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the six months ended June 30, 2022 and 2021 would have increased by \$16,217 thousand and \$16,934 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 and financial guarantees provided by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the condensed 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 concentration risk of trade receivable is insignificant.

The credit concentration 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 41%, 33% and 44% of trade receivable, respectively, as of June 30, 2022, December 31, 2021 and June 30, 2021.

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 principal and interest of cash flows.

The other non-derivative financial liabilities are listed at their contract repayment dates.

June 30, 2022

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,307,213	\$ -
Lease liabilities	<u>15,251</u>	<u>17,953</u>
	<u>\$ 3,322,464</u>	<u>\$ 17,953</u>

December 31, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,278,212	\$ -
Lease liabilities	<u>7,618</u>	<u>8,130</u>
	<u>\$ 3,285,830</u>	<u>\$ 8,130</u>

June 30, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
No interest-bearing liabilities	\$ 3,043,311	\$ -
Lease liabilities	<u>8,783</u>	<u>6,275</u>
	<u>\$ 3,052,094</u>	<u>\$ 6,275</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's unused short-term credit of limit of the bank were \$1,600,000 thousand, \$1,600,000 thousand and \$1,250,000 thousand, respectively.

27. RELATED PARTIES TRANSACTIONS

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. Except for information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed as follows.

Compensation of key management personnel

	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Three Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2021</u>
Short-term employee benefits	<u>\$ 8,721</u>	<u>\$ 5,070</u>	<u>\$ 41,156</u>	<u>\$ 35,523</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 and tariff guarantee for imported commodities:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Property, plant and equipment, Net	\$ 205,537	\$ 206,231	\$ 206,926
Pledged time deposits (Financial assets at amortized cost – non-current)	<u>35,216</u>	<u>35,124</u>	<u>25,560</u>
	<u>\$ 240,753</u>	<u>\$ 241,355</u>	<u>\$ 232,486</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of June 30, 2022, the group opens NT\$ 87,000 thousand of cashier order for payment guaranteed for Microsoft Taiwan Corporation.
- (2) As of June 30, 2022, the group opens NT\$ 50,000 thousand of cashier order for payment guaranteed for Microsoft Regional Sales Corporation.

30. FOREIGN-CURRENCY-DEMONINATED ASSETS AND LIABILITIES THAT HAVE SIGNIFICANT INFLUENCE

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:

June 30, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 45,149	29.72 (USD:NTD)	<u>\$ 1,341,828</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	45,592	29.72 (USD:NTD)	<u>\$ 1,354,994</u>

December 31, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 46,298	27.68	(USD:NTD)	\$ <u>1,281,529</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	45,913	27.68	(USD:NTD)	\$ <u>1,270,872</u>

June 30, 2021

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 27,681	27.86	(USD:NTD)	\$ <u>771,193</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	44,072	27.86	(USD:NTD)	\$ <u>1,227,846</u>

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

	For the Six Months Ended June 30, 2022		For the Six Months Ended June 30, 2021	
	Exchange rate	Net Foreign exchange gain (loss)	Exchange rate	Net Foreign exchange gain (loss)
USD	28.725 (USD:NTD)	\$ <u>7,096</u>	28.172 (USD:NTD)	\$ <u>18,349</u>

	For the Three Months Ended June 30, 2021		For the Three Months Ended June 30, 2021	
	Exchange rate	Net Foreign exchange gain (loss)	Exchange rate	Net Foreign exchange gain (loss)
USD	29.455 (USD:NTD)	\$ <u>6,218</u>	27.977 (USD:NTD)	\$ <u>8,152</u>

31. ADDITIONAL DISCLOSURES

(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: Table 3.
- 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 4.

(2) Information on investees: Table 5.

(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 6.
- 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.
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - The amount of property transactions and the amount of the resultant gains or losses.
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - 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: None.

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 assessments. The department of the Group's business division of brands distribution and 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	Internal write- off	Total
<u>For the Six Months Ended</u>				
<u>June 30, 2022</u>				
Revenues from external customers	\$ 5,897,649	\$ 143,294	\$ -	\$ 6,040,943
Inter-segment revenues	-	64,107	(64,107)	-
Segment revenues	<u>\$ 5,897,649</u>	<u>\$ 207,401</u>	<u>(\$ 64,107)</u>	<u>\$ 6,040,943</u>
Segment profit (loss)	<u>\$ 405,409</u>	<u>\$ 19,174</u>	<u>\$ -</u>	\$ 424,583
General administration division costs and compensation of directors				(75,821)
Non-operating income and expenses				<u>11,508</u>
Net income before tax				<u>\$ 360,270</u>

<u>For the Six Months Ended</u> <u>June 30, 2021</u>	The business division of brands distribution	Other	Internal write- off	Total
Revenues from external customers	\$ 5,463,940	\$ 103,766	\$ -	\$ 5,567,706
Inter-segment revenues	<u>-</u>	<u>21,001</u>	<u>(21,001)</u>	<u>-</u>
Segment revenues	<u>\$ 5,463,940</u>	<u>\$ 124,767</u>	<u>(\$ 21,001)</u>	<u>\$ 5,567,706</u>
Segment profit (loss)	<u>\$ 337,491</u>	<u>\$ 3,663</u>	<u>\$ -</u>	<u>\$ 341,154</u>
General administration division costs and compensation of directors				(75,464)
Non-operating income and expenses				<u>28,095</u>
Net income before tax				<u>\$ 293,785</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration division costs and compensation of directors and non-operating income and expenses. 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 Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
IT Infrastructure	\$ 1,765,549	\$ 1,950,154
Network & Information Security	2,693,147	2,382,537
Cloud Platform & Application	1,222,569	926,506
Big Data & Application	358,106	306,988
Other	<u>1,572</u>	<u>1,521</u>
	<u>\$ 6,040,943</u>	<u>\$ 5,567,706</u>

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Table 1

(In Thousands of New Taiwan Dollars)

No.	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 Amounts	Reason 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	\$ -	\$ -	3%	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 363,468	\$ 726,935	
0	ZOTC	WinWill International Co., Ltd.	Other receivables from related parties	Yes	20,000	20,000	20,000	3%	2	-	Operating capital	-	—	-	363,468	726,935	

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

JUNE 30, 2022

Table 2

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ZOTC	Beneficiary certificates							
	FSITC Taiwan Money Market	—	Financial assets at FVTPL — current	6,455,278	\$ 100,034	-	\$ 100,034	
	KGI Kaefer Fund	—	Financial assets at FVTPL — non-current	170,199	3,551	-	3,551	
	KGI Taiwan Multi-Asset Income Fund	—	Financial assets at FVTPL — non-current	1,198,020	12,867	-	12,867	
	KGI Taiwan Select-Asset Income Fund	—	Financial assets at FVTPL — non-current	500,325	5,648	-	5,648	
	Corporate bond							
	M.J. International Co. Ltd. - 1 st convertible corporate bonds	—	Financial assets at FVTPL — current	20 (Units)	1,996	-	1,996	
	Chailease Holding Company Limited - 1 st convertible corporate bonds	—	Financial assets at FVTPL — current	180 (Units)	18,459	-	18,459	
	Taishin Financial Holding Co., Ltd. - 1 st exchangeable bonds	—	Financial assets at FVTPL — current	60 (Units)	6,180	-	6,180	
	Group Up Industrial Co., Ltd. - 1 st convertible corporate bonds	—	Financial assets at FVTPL — current	30 (Units)	3,150	-	3,150	
	Giant Manufacturing Co., Ltd. - 1 st convertible corporate bonds	—	Financial assets at FVTPL — current	100 (Units)	10,370	-	10,370	
	Wistron NeWeb Corporation - 3 rd convertible corporate bonds	—	Financial assets at FVTPL — current	100 (Units)	10,180	-	10,180	
	Perusahaan Listrik Negara corporate bond (USD)	—	Financial assets at amortized cost — non-current	10 (Units)	31,561	-	24,389	
	Southern California Edison corporate Bond (USD)	—	Financial assets at amortized cost — non-current	5 (Units)	16,144	-	11,995	
	British Telecommunications plc corporate bond (USD)	—	Financial assets at amortized cost — non-current	5 (Units)	15,080	-	12,015	
	Stock							
Fubon Financial Holding Co., Ltd.	—	Financial assets at FVTPL — current	65,248	3,902	-	3,902		

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Cathay Financial Holdings Preferred Shares A	—	Financial assets at FVTPL – non-current	166,000	\$ 10,375	-	\$ 10,375	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTPL – non-current	80,000	4,120	-	4,120	
	Sino-American Silicon Products Inc.	—	Financial assets at FVTOCI – current	20,000	2,820	-	2,820	
	K Way Information Corp.	Director of ZOTC	Financial assets at FVTOCI – non-current	655,000	18,569	2.14	18,569	
	China Electric Mfg. Corp.	—	Financial assets at FVTOCI – non-current	2,689,200	53,650	0.83	53,650	
	Unex Technology Corp.	—	Financial assets at FVTOCI – non-current	175,000	2,404	1.68	2,404	
	Da-Chang Start-Up Investment Co. Ltd.	—	Financial assets at FVTOCI – non-current	3,000,000	29,949	2.73	29,949	
	Cathay Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI – non-current	134,000	8,375	-	8,375	
	Union Bank of Taiwan Preferred Shares A	—	Financial assets at FVTOCI – non-current	70,000	3,605	-	3,605	
	Fubon Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI – non-current	400,000	24,840	-	24,840	
	Taishin Financial Holding Co., Ltd. Preferred Shares E	—	Financial assets at FVTOCI – non-current	240,000	12,888	-	12,888	
	CTBC Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI – non-current	90,000	5,706	-	5,706	
	Cathay Financial Holding Co., Ltd. Preferred Shares B	—	Financial assets at FVTOCI – non-current	230,000	14,398	-	14,398	
	Kwong Lung Enterprise Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI – non-current	187,000	9,350	-	9,350	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI – non-current	700,000	34,895	-	34,895	
	United Orthopedic Corporation Preferred Shares A	—	Financial assets at FVTOCI – non-current	200,000	8,500	-	8,500	
	QST International Corporation Preferred Shares A	—	Financial assets at FVTOCI – non-current	45,000	2,079	-	2,079	
	Miiicasa Holdings (Cayman) Inc.	—	Financial assets at FVTOCI – non-current	2,500,000	-	3.45	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Zerone Win Investment Co., Ltd.	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	-	
	WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI – non-current	240,000	11,964	-	11,964	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares A	—	Financial assets at FVTOCI – non-current	50,000	2,035	-	2,035	
	Tatung System Technologies Inc.	—	Financial assets at FVTOCI – non-current	1,500,000	56,700	1.69	56,700	
	LEO Systems, Inc.	—	Financial assets at FVTOCI – non-current	20,000	491	0.02	491	
	GrandTech C.G. Systems Inc.	—	Financial assets at FVTOCI – non-current	70,000	3,584	0.12	3,584	
	FiduciaEdge Technologies Co., Ltd.	—	Financial assets at FVTOCI – non-current	500,000	7,500	4.09	7,500	
	GrandTech Cloud Services Inc.	—	Financial assets at FVTOCI – non-current	727	58	-	58	
Petacom Technology Co., Ltd.	Beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at FVTPL – current	1,110,000	15,208	-	15,208	
Zotech Co., Ltd.	Stock WPG Holdings Limited Preferred Shares A	—	Financial assets at FVTOCI – non-current	200,000	9,970	-	9,970	

(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 Table 5 & Table 6.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Table 3

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
ZOTC	Beneficiary certificates FSITC Taiwan Money Market	Financial assets at FVTPL—current	—	—	6,463,581	\$ 100,000	25,835,709	\$ 400,000	25,844,012	\$ 400,207	\$ 400,000	\$ 207	6,455,278	\$ 100,034

Note: The beginning balance and ending balance included adjustments of unrealized gains or loss on financial assets.

ZERO ONE TECHNOLOGY CO., LTD.AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Table 4

(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	\$ 24,371	Note 5	-
				Trade receivables	12,953	Note 5	-
				Other receivables	20,227	Note 5	-
0	ZOTC	Petacom Technology Co., Ltd.	1	Sales revenue	7,224	Note 5	-
				Cost of goods sold	6,443	Note 5	-
				Trade payable	6,510	Note 5	-
0	ZOTC	Techone (Shanghai) Co., Ltd.	1	Sales revenue	10,600	Note 5	-
				Trade receivables	7,759	Note 5	-
1	Petacom Technology Co., Ltd.	Techone (Shanghai) Co., Ltd.	3	Sales revenue	8,663	Note 5	-
				Trade receivables	9,128	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

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Table 5

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
ZOTC	Zotech Co., Ltd.	Taiwan	Manufacturing for computer equipment	\$ 35,000	\$ 35,000	3,500,000	85.37	\$ 42,693	\$ 6,201	\$ 5,294	Subsidiary
	ZeroneWin Investment Co., Ltd.	Taiwan	Investment	300,000	300,000	30,000,000	100.00	314,454	160	160	Subsidiary
	Asiaone Holdings Ltd.	Republic of Seychelles	Holding company	10,063	10,063	320,000	100.00	14,720	2,767	2,767	Subsidiary
ZeroneWin Investment Co., Ltd.	WingWill International Co., Ltd.	Taiwan	Services of cloud information software	25,500	25,500	8,793,103	87.93	(3,486)	(868)	(764)	Sub-subsidiary
	Petacom Technology Co., Ltd.	Taiwan	Services of distribution of information product	50,000	50,000	50,000,000	100.00	56,328	5,575	5,575	Sub-subsidiary
	DigiCosmos Tech. Co., Ltd.	Taiwan	Services of information security consulting	25,000	25,000	2,500,000	50.00	23,755	(2,254)	(1,127)	Sub-subsidiary
	TrustOne Security Inc.	Taiwan	R&D, sale and service of information software	7,200	4,000	7,200,000	32.00	2,692	(5,954)	(1,905)	Associate
	Leukocyte-Lab Co. Ltd.	Taiwan	Information security management and consulting service	11,500	11,500	240,000	37.50	8,248	(5,057)	(1,896)	Associate
	InfinitesSoft Solutions Inc.	Taiwan	Software development, and services of information and computer software	37,800	28,800	2,780,889	24.33	23,465	(8,195)	-	Associate

Note: Please refer to Table 6 for information on investment in mainland China.

ZERO ONE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Table 6

(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022	Note
					Outward	Inward							
Techone (Shanghai) Co., Ltd.	Technical service for network technology	\$ 13,317 (RMB 3,000)	(Note 1)	\$ 9,118	\$ -	\$ -	\$ 9,118	\$ 3,977	70%	\$ 2,784	\$ 14,432	\$ -	—

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2022	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	\$ 2,180,806

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 June 30, 2022.

Note 3 : Determined by sixty percent (60%) of the Company's net worth, reviewed by CPAs on June 30, 2022 ($3,634,677 \times 60\% = 2,180,806$).

Note 4 : For foreign currency conversion, gain (loss) are converted by the average exchange rate in 2022 Q2. Other amounts are converted into New Taiwan Dollars by the exchange rate on June 30, 2022