

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Three Months Ended
March 31, 2021 and 2020**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

Introduction

We have reviewed the accompanying consolidated balance sheets of PRIMAX ELECTRONICS LTD. (“the Company”) and its subsidiaries (“the Group”) as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 Standards (“IASs”) 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

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the 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 conducted in accordance with the generally accepted auditing standards 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.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NT\$9,374,845 thousand and NT\$5,932,463 thousand, constituting 17.8% and 11.6% of the consolidated total assets; and the total liabilities amounting to NT\$5,315,237 thousand and NT\$3,961,208 thousand, constituting 14.5% and 10.9% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to NT\$9,833 thousand and NT\$(163,398) thousand, constituting 2.4% and (482.5)% of the consolidated comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in note 6(g), the investments accounted for using equity method of the Group in its investee companies of NT\$531,995 thousand and NT\$902,180 thousand as of March 31, 2021 and 2020, and its related share of loss of associates accounted for using equity method of NT\$20,641 thousand and NT\$21,603 thousand for the three months ended March 31, 2021 and 2020, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes 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 March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Tymphony Worldwide Enterprises Ltd., a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Tymphony Worldwide Enterprises Ltd., is based solely on the review report of another auditor. The financial statements of Tymphony Worldwide Enterprises Ltd. reflect the total assets amounting to NT\$17,592,037 thousand and NT\$20,931,720 thousand, constituting 33.4% and 41.0% of the related consolidated total assets as of March 31, 2021 and 2020, respectively; as well as the operating revenue amounting to NT\$5,186,432 thousand and NT\$5,029,293 thousand, constituting 30.2% and 37.2% of the related consolidated operating revenue for the three months ended March 31, 2021 and 2020, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are MEI-PIN WU and CHI-LUNG YU.

KPMG

Taipei, Taiwan (Republic of China)
May 6, 2021

Notes to Readers

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

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2021 and 2020

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31 and March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2021		December 31, 2020		March 31, 2020				March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity							
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 6,166,819	12	6,935,353	15	15,639,323	31	2100	Short-term borrowings (note 6(m))	\$ 8,662,086	17	905,059	2	9,151,670	18
1110	Current financial assets at fair value through profit or loss (note 6(b))	222,708	-	313,758	1	155,156	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	378,023	1	432,171	1	161,160	-
1137	Current financial assets at amortized cost (notes 6(d) and 8)	8,065,336	15	855,238	1	-	-	2170	Notes and accounts payable	15,205,024	29	19,001,057	40	15,973,906	31
1170	Notes and accounts receivable, net (notes 6(e), (v) and 8)	12,144,641	23	13,578,841	29	11,016,051	22	2200	Other payables	3,365,793	6	3,949,527	8	3,511,839	7
1180	Accounts receivable from related parties, net (notes 6(e), (v) and 7)	162,344	-	198,189	-	144,786	-	2201	Salaries payable	838,737	2	1,131,626	2	682,577	1
1200	Other receivables (note 6(e))	906,951	2	1,349,362	3	957,097	2	2280	Current lease liabilities (note 6(o))	237,034	-	271,483	1	279,962	1
1310	Inventories (note 6(f))	10,242,364	20	10,247,463	22	8,839,633	17	2300	Other current liabilities (note 6(v))	900,703	2	753,750	2	595,889	1
1470	Other current assets (note 8)	1,635,839	3	1,631,887	4	1,386,939	3	2320	Long-term borrowings, current portion (notes 6(n) and 8)	121,257	-	74,833	-	-	-
		<u>39,547,002</u>	<u>75</u>	<u>35,110,091</u>	<u>75</u>	<u>38,138,985</u>	<u>75</u>	2365	Current refund liabilities	1,606,858	3	1,421,407	3	1,519,546	3
										<u>31,315,515</u>	<u>60</u>	<u>27,940,913</u>	<u>59</u>	<u>31,876,549</u>	<u>62</u>
Non-current assets:								Non-Current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	151,498	-	121,672	-	117,124	-	2540	Long-term borrowings (notes 6(n) and 8)	1,333,835	2	680,626	1	151,271	-
1550	Investments accounted for using equity method (note 6(g))	531,995	1	536,303	1	902,180	2	2580	Non-current lease liabilities (note 6(o))	2,002,054	4	981,436	2	1,113,867	2
1600	Property, plant and equipment (notes 6(i) and 8)	6,497,417	12	6,542,015	14	6,447,225	13	2630	Long-term deferred revenue (note 6(i))	1,343,531	3	1,499,072	3	2,523,458	5
1755	Right-of-use assets (note 6(j))	2,537,281	5	1,568,052	3	1,744,054	3	2600	Other non-current liabilities	712,087	1	704,445	2	780,249	2
1760	Investment property (note 6(k))	33,710	-	33,826	-	34,173	-		Total liabilities	<u>36,707,022</u>	<u>70</u>	<u>31,806,492</u>	<u>67</u>	<u>36,445,394</u>	<u>71</u>
1780	Intangible assets (note 6(l))	2,349,271	5	2,370,578	5	2,475,125	5	Equity attributable to owners of parent:							
1840	Deferred tax assets	661,305	1	658,289	1	778,051	1	3110	Ordinary shares (note 6(s))	4,516,243	8	4,508,983	10	4,487,308	9
1990	Other non-current assets (note 8)	336,382	1	366,256	1	374,768	1	3200	Capital surplus (note 6(s))	1,604,536	3	1,567,628	3	1,490,704	3
		13,098,859	25	12,196,991	25	12,872,700	25	3310	Legal reserve	1,578,473	3	1,578,473	3	1,370,470	3
								3320	Special reserve	1,058,941	2	1,058,941	2	662,348	1
								3350	Unappropriated retained earnings (note 6(s))	6,238,665	12	5,733,458	12	5,776,011	11
								3400	Other equity interest	(1,250,754)	(2)	(1,159,650)	(2)	(1,322,313)	(2)
								36XX	Non-controlling interests (note 6(h))	2,192,735	4	2,212,757	5	2,101,763	4
									Total equity	<u>15,938,839</u>	<u>30</u>	<u>15,500,590</u>	<u>33</u>	<u>14,566,291</u>	<u>29</u>
Total assets		<u>\$ 52,645,861</u>	<u>100</u>	<u>47,307,082</u>	<u>100</u>	<u>51,011,685</u>	<u>100</u>	Total liabilities and equity		<u>\$ 52,645,861</u>	<u>100</u>	<u>47,307,082</u>	<u>100</u>	<u>51,011,685</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31			
		2021		2020	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(v) and 7)	\$ 17,159,387	100	13,524,101	100
5000	Operating costs (notes 6(f), (o), (q), (w) and 12)	<u>15,011,397</u>	<u>87</u>	<u>11,998,960</u>	<u>89</u>
	Gross profit from operation	<u>2,147,990</u>	<u>13</u>	<u>1,525,141</u>	<u>11</u>
	Operating expenses (notes 6(o), (q), (t), (w) and 12):				
6100	Selling expenses	400,614	2	280,393	2
6200	Administrative expenses	463,504	3	450,072	3
6300	Research and development expenses	691,665	4	600,730	4
6450	Reversal of expected credit loss (note 6(e))	-	-	(11,404)	-
	Total operating expenses	<u>1,555,783</u>	<u>9</u>	<u>1,319,791</u>	<u>9</u>
	Net operating income	<u>592,207</u>	<u>4</u>	<u>205,350</u>	<u>2</u>
	Non-operating income and expenses:				
7100	Interest income	27,369	-	37,337	-
7010	Other income (note 6(x))	2,801	-	3,666	-
7020	Other gains and losses (notes 6(i) and (y))	69,756	-	100,763	-
7060	Shares of loss of associates accounted for using equity method (note 6(g))	(20,641)	-	(21,603)	-
7050	Finance costs (note 6(o))	(37,427)	-	(59,900)	-
	Total non-operating income and expenses	<u>41,858</u>	<u>-</u>	<u>60,263</u>	<u>-</u>
	Profit before tax	634,065	4	265,613	2
7950	Less: Income tax expenses (note 6(r))	<u>132,741</u>	<u>1</u>	<u>58,358</u>	<u>-</u>
	Profit	<u>501,324</u>	<u>3</u>	<u>207,255</u>	<u>2</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	29,326	-	(2,089)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>29,326</u>	<u>-</u>	<u>(2,089)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operation's financial statements	(124,263)	(1)	(171,300)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(124,263)</u>	<u>(1)</u>	<u>(171,300)</u>	<u>(2)</u>
8300	Other comprehensive income after tax	<u>(94,937)</u>	<u>(1)</u>	<u>(173,389)</u>	<u>(2)</u>
	Comprehensive income	<u>\$ 406,387</u>	<u>2</u>	<u>33,866</u>	<u>-</u>
	Profit attributable to:				
8610	Owners of parent	\$ 505,207	3	275,813	2
8620	Non-controlling interests (note 6(h))	(3,883)	-	(68,558)	-
		<u>\$ 501,324</u>	<u>3</u>	<u>207,255</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 427,635	2	128,994	-
8720	Non-controlling interests (note 6(h))	(21,248)	-	(95,128)	-
		<u>\$ 406,387</u>	<u>2</u>	<u>33,866</u>	<u>-</u>
	Earnings per share (note 6(u))				
9710	Basic earnings per share (NT dollars)	<u>\$ 1.13</u>		<u>0.62</u>	
9810	Diluted earnings per share (NT dollars)	<u>\$ 1.12</u>		<u>0.61</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Retained earnings			Exchange differences on translation of financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employee compensation			
			Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2020	\$ 4,485,808	1,483,045	1,370,470	662,348	5,500,198	(1,030,865)	(28,076)	(134,926)	12,308,002	2,195,638	14,503,640
Profit	-	-	-	-	275,813	-	-	-	275,813	(68,558)	207,255
Other comprehensive income	-	-	-	-	-	(144,730)	(2,089)	-	(146,819)	(26,570)	(173,389)
Comprehensive income	-	-	-	-	275,813	(144,730)	(2,089)	-	128,994	(95,128)	33,866
Changes in shares of investment accounted for using equity method	-	2,948	-	-	-	-	-	-	2,948	1,253	4,201
Amortization expense of restricted stock	-	-	-	-	-	-	-	24,584	24,584	-	24,584
Retirement of restricted stock	(300)	(3,065)	-	-	-	-	-	3,365	-	-	-
Issuance of restricted stock	1,800	7,776	-	-	-	-	-	(9,576)	-	-	-
Balance at March 31, 2020	\$ 4,487,308	1,490,704	1,370,470	662,348	5,776,011	(1,175,595)	(30,165)	(116,553)	12,464,528	2,101,763	14,566,291
Balance at January 1, 2021	\$ 4,508,983	1,567,628	1,578,473	1,058,941	5,733,458	(1,004,528)	(41,833)	(113,289)	13,287,833	2,212,757	15,500,590
Profit	-	-	-	-	505,207	-	-	-	505,207	(3,883)	501,324
Other comprehensive income	-	-	-	-	-	(106,898)	29,326	-	(77,572)	(17,365)	(94,937)
Comprehensive income	-	-	-	-	505,207	(106,898)	29,326	-	427,635	(21,248)	406,387
Changes in shares of investment accounted for using equity method	-	3,016	-	-	-	-	-	-	3,016	1,226	4,242
Amortization expense of restricted stock	-	-	-	-	-	-	-	27,620	27,620	-	27,620
Retirement of restricted stock	(140)	-	-	-	-	-	-	140	-	-	-
Issuance of restricted stock	7,400	33,892	-	-	-	-	-	(41,292)	-	-	-
Balance at March 31, 2021	\$ 4,516,243	1,604,536	1,578,473	1,058,941	6,238,665	(1,111,426)	(12,507)	(126,821)	13,746,104	2,192,735	15,938,839

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 634,065	265,613
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and Amortization expense	515,113	589,944
Loss (gain) related to inventories	(8,563)	105,016
Reversal of expected credit loss	-	(11,404)
Interest expense	35,847	58,557
Interest income	(27,369)	(37,337)
Compensation cost of share-based payment	31,862	28,785
Shares of loss of associates accounted for using equity method	20,641	21,603
Loss (gain) on disposal of property, plant and equipment	13,217	(237)
Reversal of impairment loss of property, plant and equipment	(6,986)	-
Other	(272)	-
Total adjustments to reconcile profit	<u>573,490</u>	<u>754,927</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	91,050	31,860
Financial assets measured at amortized cost	(7,210,098)	-
Notes and accounts receivable	1,434,236	8,600,846
Accounts receivable from related parties	35,845	35,685
Other receivables	442,411	91,919
Inventories	13,662	1,548,597
Other current assets	9,401	128,659
Other operating assets	(21,658)	(22)
Changes in operating assets	<u>(5,205,151)</u>	<u>10,437,544</u>
Financial liabilities at fair value through profit or loss	(54,148)	(46,051)
Notes and accounts payable	(3,796,033)	(7,770,983)
Salaries payable	(292,889)	(839,475)
Other payables	(622,449)	(606,666)
Refund liabilities	185,451	(32,729)
Other current liabilities	146,953	283,128
Other operating liabilities	(67,136)	(160,335)
Changes in operating liabilities	<u>(4,500,251)</u>	<u>(9,173,111)</u>
Total changes in operating assets and liabilities	<u>(9,705,402)</u>	<u>1,264,433</u>
Total adjustments	<u>(9,131,912)</u>	<u>2,019,360</u>
Cash inflow (outflow) generated from operations	(8,497,847)	2,284,973
Interest received	27,369	37,337
Interest paid	(35,828)	(58,539)
Income taxes paid	(66,068)	(175,288)
Net cash flows from (used in) operating activities	<u>(8,572,374)</u>	<u>2,088,483</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,710)	(12,678)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,210	-
Acquisition of property, plant and equipment	(535,169)	(995,366)
Proceeds from disposal of property, plant and equipment	1,836	2,076
Decrease in refundable deposits	26,733	1,830
Acquisition of unamortized expense	(9,754)	(42,625)
Proceeds from disposal of unamortized expense	85	-
Net cash flows used in investing activities	<u>(516,769)</u>	<u>(1,046,763)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	7,757,027	8,059,544
Increase (decrease) in long-term borrowings	699,633	(27,777)
Increase (decrease) in guarantee deposits received	(989)	17,328
Payment of lease liabilities	(65,228)	(72,863)
Net cash flows from financing activities	<u>8,390,443</u>	<u>7,976,232</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(69,834)</u>	<u>(79,139)</u>
Net increase (decrease) in cash and cash equivalents	<u>(768,534)</u>	<u>8,938,813</u>
Cash and cash equivalents at beginning of period	<u>6,935,353</u>	<u>6,700,510</u>
Cash and cash equivalents at end of period	<u>\$ 6,166,819</u>	<u>15,639,323</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
As of March 31, 2021 and 2020 Reviewed only,
not audited in accordance with generally accepted auditing standards

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2021 and 2020

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

(1) Company history

PRIMAX ELECTRONICS LTD. (the “Company”), formerly known as Hong Chuan Investments Ltd., was incorporated on March 20, 2006, and registered under the Ministry of Economic Affairs, ROC. The Company changed its name to Hong Chuan Electronics Ltd. and Primax Electronics Ltd. in October 2007 and February 2008, respectively. The address of the Company’s registered office is No. 669, Ruey Kuang Road, Neihu, Taipei.

Primax Electronics Holdings, Ltd. (Primax Holdings, formerly known as Apple Holdings Ltd.) acquired all shares of the Company from YWAN PANG Management Limited on April 2, 2007. The investment was approved by the Investment Commission, Ministry of Economic Affairs. However, all shares of the Company were sold by Primax Holdings to its stockholders in October 2009.

Based on the resolution approved by the Company’s board of directors on November 5, 2007, the Company resolved to acquire and merge with Primax Electronics Ltd. (“Primax”, a listed company) on December 28, 2007. The Company is the surviving company, and Primax was dissolved upon completion of the merger.

The consolidated financial statements of the Company as at and for the three months ended March 31, 2021, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and related parts, as well as other electronic components. Please refer to note 14 for further information.

The Company’s common shares were registered with the Financial Supervisory Commission, ROC (“FSC”) on June 22, 2012, and listed on the Taiwan Stock Exchange (“TWSE”) on October 5, 2012.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the board of directors on May 6, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (c) The impact of IFRS issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by IASB, but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers (“ the Regulation”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax AE (Cayman) Holdings Ltd. (Primax AE)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Primax Cayman	Primax Industries (Hong Kong) Ltd. (Primax HK)	Holding company and customer service	100.00 %	100.00 %	100.00 %	
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	
Primax HK	Primax Electronics (Kun Shan) Corp., Ltd. (PKS1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax HK	Primax Electronics (Chongqing) Corp., Ltd. (PCQ1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax Tech.	Polaris Electronics Inc. (Polaris)	Sale and purchase of computer peripherals, mobile device components, and business devices, as well as market development and customer service.	100.00 %	100.00 %	100.00 %	(note 1)
Destiny BVI.	Beijing Destiny Electronic Technology Co., Ltd. (Destiny Beijing)	R&D of computer peripherals and business devices	100.00 %	100.00 %	100.00 %	(note 1)
Primax Singapore	Primax Electronics (Thailand) Co., Ltd. (Primax Thailand)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	99.99 %	99.99 %	99.99 %	(note 1)
Diamond	Tymphony Worldwide Enterprises Ltd. (TWEL)	Holding company	100.00 %	100.00 %	100.00 %	
TWEL	Tymphony Acoustic Technology (Huizhou) Co., Ltd (Tymphony Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	71.43 %	71.43 %	71.43 %	
Tymphony Huizhou	Tymphony Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sales of various speaker accessories, speakers and their components, as well as holding business	100.00 %	100.00 %	100.00 %	
Tymphony Huizhou	Dongguan Tymphony Acoustic Technology Co., Ltd. (Tymphony Dongguan)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
TYM Acoustic HK	Tymphony Acoustic Technology Europe, s.r.o (TYM Acoustic Europe)	Manufacturing, installation, and maintenance of various speaker accessories and their components	100.00 %	100.00 %	100.00 %	(note 1)
TYM Acoustic HK	TYP Enterprise, inc. (TYP)	Market development of and customer service for speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony HK Ltd. (TYM HK)	Holding company and market development of various speaker accessories, speakers and their components, as well as customer service	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony Acoustic Technology Limited (TYM Acoustic)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony Acoustic Technology (Thailand) Co., Ltd (TYTH)	Manufacturing and sales of various speaker accessories, speakers, and their components	99.99 %	99.99 %	99.99 %	(note 2)
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sales of various audio accessories, speakers and their components	100.00 %	100.00 %	100.00 %	
Tymphony Dongguan	Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd. (TYDC)	R&D, design, and sales of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	

Note 1: The company is a non-significant subsidiary, and its financial statements have not been reviewed.

Note 2: The company was a non-significant subsidiary as of March 31, 2021, and its financial statements for the three months ended March 31, 2021 have not been reviewed.

(c) **Income taxes**

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Employee benefits

The pension cost in the consolidated financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements is as follow:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 37% of the outstanding voting shares of ALT International Co., Ltd. (AIC), but the Group did not obtain any director seats of AIC, and the chairman of AIC controls 45% of voting shares. Therefore, the Group does not have power of control over relevant activities of AIC, but remains significant influence.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 6,616	7,750	4,643
Demand accounts and checking deposits	2,893,599	4,417,720	4,389,170
Time deposits	3,266,604	2,509,883	11,245,510
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 6,166,819</u>	<u>6,935,353</u>	<u>15,639,323</u>

Please refer to note 6(z) for the currency risk and the interest rate risk of the Group’s cash and cash equivalents.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details of financial instruments were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Mandatorily measured at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 199,316	67,252	115,286
Foreign exchange swap contracts	<u>23,392</u>	<u>246,506</u>	<u>39,870</u>
	<u>\$ 222,708</u>	<u>313,758</u>	<u>155,156</u>
Financial liabilities held-for-trading:			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (193,794)	(399,762)	(121,045)
Foreign exchange swap contracts	<u>(184,229)</u>	<u>(32,409)</u>	<u>(40,115)</u>
	<u>\$ (378,023)</u>	<u>(432,171)</u>	<u>(161,160)</u>

(ii) The Group held the following derivative instruments as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities, without the application of edge accounting, as of March 31, 2021, December 31 and March 31, 2020:

March 31, 2021			
<u>Derivative financial instruments</u>	<u>Nominal amount (in thousands)</u>	<u>Maturity date</u>	<u>Predetermined rate</u>
Forward exchange contracts – buy USD / sell TWD	USD 771,000	April 1 2021~ October 28, 2021	26.980~28.177
Forward exchange contracts – buy USD / sell CNY	USD 61,000	April 8, 2021~ May 7, 2021	6.5100~6.5885
Forward exchange contracts – buy CNY/ sell USD	USD 100,000	April 7, 2021~ May 19, 2021	6.4953~6.6324
Foreign exchange swap contracts – swap in TWD / swap out USD	USD 621,000	April 1, 2021~ October 22, 2021	27.756~28.845

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy USD / sell TWD	USD 764,000	January 6, 2021~ June 23, 2021	27.150~28.942
Forward exchange contracts — buy TWD / sell USD	USD 11,500	January 13, 2021~ January 28, 2021	28.490~28.501
Forward exchange contracts — buy CNY / sell USD	USD 262,300	January 4, 2021~ May 19, 2021	6.5273~6.6415
Foreign exchange swap contracts — swap in TWD / swap out USD	USD 593,000	January 6, 2021~ June 23, 2021	28.075~29.424
March 31, 2020			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy USD / sell TWD	USD 711,000	April 1, 2020~ September 25, 2020	29.388~30.690
Forward exchange contracts — buy TWD / sell USD	USD 108,000	April 1, 2020~ June 3, 2020	29.891~30.0915
Forward exchange contracts — buy USD/ sell CNY	USD 39,500	April 8, 2020~ April 17, 2020	7.0027~7.0355
Forward exchange contracts — buy CNY / sell USD	USD 103,500	April 8, 2020~ July 17, 2020	6.9000~7.1181
Foreign exchange swap contracts — swap in TWD / swap out USD	USD 468,000	April 8, 2020~ September 25, 2020	29.654~30.755
Foreign exchange swap contracts — swap in CNY/ swap out USD	USD 23,500	May 19, 2020~ June 19, 2020	7.0269~7.0393

(iii) Please refer to note 6(z) for the liquidity risk of the Group's financial instruments.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial assets at FVOCI

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Equity investments at FVOCI			
Stocks unlisted in domestic markets–WK Technology Fund IV Ltd.	\$ 53	1,263	1,476
Stocks unlisted in domestic markets– Changing Information Technology Inc.	6,702	6,002	2,102
Stocks unlisted in domestic markets– Syntronix Corp.	49	49	49
Equities unlisted in foreign markets–Grove Ventures L.P.	86,734	60,722	60,811
Equities unlisted in foreign markets–Grove Ventures II, L.P.	26,249	26,227	14,522
Stocks unlisted in foreign markets–WK Global Investment III Ltd.	<u>31,711</u>	<u>27,409</u>	<u>38,164</u>
Total	<u>\$ 151,498</u>	<u>121,672</u>	<u>117,124</u>

- (i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.
- (ii) Grove Venture, L.P. executed capital increases, wherein the Group had participated and invested the amounts of \$1,710 and \$5,454 in the three months ended March 31, 2021 and 2020, respectively.
- (iii) Grove Ventures II, L.P. executed capital increases, where in the Group had participated and invested the amounts of \$7,224 in the three months ended March 31, 2020.
- (iv) WK Technology Fund IV Ltd. refunded the amount of \$1,210 to the Group due to its capital reduction in March 2021.
- (v) The Group did not provide any of the aforementioned financial assets as collateral.

(d) Financial assets at amortized cost

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Time deposits	\$ <u>8,065,336</u>	<u>855,238</u>	<u>-</u>
Annual interest rates	<u>0.92%~1.75%</u>	<u>1.4%</u>	<u>-</u>

- (i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) As of March 31, 2021 and December 31, 2020, the Group held time deposits maturing in April to September 2021 and in June 2021, respectively.
- (iii) For credit risk, please refer to note (z).
- (iv) Please refer to note 8 for further information on financial assets as collateral.
- (e) Notes and accounts receivable (including related parties)

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 2,456	5,618	8,604
Accounts receivable	12,184,304	13,615,378	11,072,059
Accounts receivable – related parties	162,344	198,189	144,786
Less: allowance for doubtful accounts	(42,119)	(42,155)	(64,612)
Total	<u>\$ 12,306,985</u>	<u>13,777,030</u>	<u>11,160,837</u>

- (i) The Group did not provide any of the aforementioned notes and accounts receivable (including related parties) as collateral.
- (ii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows:

	March 31, 2021		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 11,826,590	0%~0.17%	19,718
0 to 30 days past due	451,157	0%~2.82%	12,715
31 to 60 days past due	25,447	0%~5%	1,205
61 to 90 days past due	9,504	0%~10%	888
91 to 180 days past due	33,492	0%~25%	5,352
181 to 360 days past due	-	0%~80%	-
More than 361 days past due	2,914	0%~100%	2,241
	<u>\$ 12,349,104</u>		<u>42,119</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,834,801	0%~0.04%	5,505
0 to 30 days past due	924,894	0%~3.4%	31,282
31 to 60 days past due	44,042	0%~5%	2,202
61 to 90 days past due	8,682	0%~10%	814
91 to 180 days past due	4,067	0%~25%	325
181 to 360 days past due	-	0%~80%	-
More than 361 days past due	2,699	0%~100%	2,027
	\$ 13,819,185		42,155

	March 31, 2020		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 10,582,151	0%~0.18%	18,774
0 to 30 days past due	551,250	0%~3.6%	19,484
31 to 60 days past due	42,339	0%~5%	1,771
61 to 90 days past due	10,307	0%~10%	186
91 to 180 days past due	11,141	0%~25%	529
181 to 360 days past due	5,137	0%~80%	1,610
More than 361 days past due	23,124	0%~100%	22,258
	\$ 11,225,449		64,612

- (iii) The movement in the allowance for notes and accounts receivable (including related parties) was as follows:

	For the three months ended March 31	
	2021	2020
Balance on January 1, 2021 and 2020	\$ 42,155	75,725
Impairment losses reversed	-	(11,404)
Effect of exchange rate changes	(36)	291
Balance on March 31, 2021 and 2020	\$ 42,119	64,612

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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- (iv) The Group entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Group does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Group receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Group shall pay handling charges based on a fixed rate. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. As of March 31, 2021, December 31 and March 31, 2020, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

March 31, 2021						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 1,931,417	35,705	1,802,619	128,798	0.622%-0.864%	US\$ 56,940
EnTie Bank	116,189	-	-	116,189	-	-
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 2,047,606</u>	<u>35,705</u>	<u>1,802,619</u>	<u>244,987</u>		
December 31, 2020						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 3,917,358	382,018	3,416,322	501,036	0.795%-0.849%	US\$ 37,440
EnTie Bank	158,092	-	-	158,092	-	-
Bank of Taiwan	-	-	-	-	-	NT\$ 58,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 4,075,450</u>	<u>382,018</u>	<u>3,416,322</u>	<u>659,128</u>		
March 31, 2020						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
Mega International Commercial Bank	\$ -	-	-	-	-	US\$ 3,750
HSBC Bank	1,834,480	221,132	1,494,454	340,026	1.572%~2.00%	US\$ 50,940
Bank of Taiwan	-	-	-	-	-	NT\$ 58,000
EnTie Bank	62,310	-	-	62,310	-	-
	<u>\$ 1,896,790</u>	<u>221,132</u>	<u>1,494,454</u>	<u>402,336</u>		

- (v) Please refer to note 8 for further information on accounts receivable provided as collateral.
- (vi) Please refer to note 9 for guarantee notes provided by the Group to sell its accounts receivable.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 3,560,922	2,540,293	2,656,901
Semi-finished goods and work in process	1,936,056	1,805,774	2,069,433
Finished goods and merchandise	<u>4,745,386</u>	<u>5,901,396</u>	<u>4,113,299</u>
	<u>\$ 10,242,364</u>	<u>10,247,463</u>	<u>8,839,633</u>

The Group did not provide any of the aforementioned inventories as collateral. Except for cost of inventories sold, the Group recognized the following items as cost of goods sold:

	For the three months ended March 31	
	2021	2020
Gains (losses) on inventory valuation	\$ 37,574	(94,811)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(29,668)	(10,765)
Gains on physical inventories	<u>657</u>	<u>560</u>
	<u>\$ 8,563</u>	<u>(105,016)</u>

(g) Investments accounted for using equity method

The Group's investments accounted for using the equity method are individually insignificant. The related information included in the consolidated financial statements was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of individually insignificant associates' equity	<u>\$ 531,995</u>	<u>536,303</u>	<u>902,180</u>
	For the three months ended March 31		
	2021	2020	
Attributable to the Group:			
Loss	\$ (20,641)	(21,603)	
Other comprehensive income	<u>16,332</u>	<u>19,030</u>	
Comprehensive loss	<u>\$ (4,309)</u>	<u>(2,573)</u>	

- (i) The Group did not provide any investment accounted for using equity method as collateral.
- (ii) The investments accounted for using equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of subsidiaries	Main operation place Business/Registered Country	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2021	December 31, 2020	March 31, 2020
Tymphany Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	28.57 %	28.57 %	28.57 %

The following information on the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Tymphany Huizhou and its subsidiaries's collective financial information:

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 13,797,200	13,510,184	17,105,402
Non-current assets	6,132,874	6,161,757	6,362,967
Current liabilities	(10,258,030)	(10,030,285)	(14,465,411)
Non-current liabilities	(1,996,522)	(1,896,051)	(1,645,881)
Net assets	<u>\$ 7,675,522</u>	<u>7,745,605</u>	<u>7,357,077</u>
Non-controlling interests	<u>\$ 2,192,735</u>	<u>2,212,757</u>	<u>2,101,763</u>

	For the three months ended March 31	
	2021	2020
Operating revenue	\$ <u>5,198,914</u>	<u>5,029,293</u>
Loss	\$ (13,591)	(239,983)
Other comprehensive loss	(60,771)	(92,588)
Comprehensive loss	<u>\$ (74,362)</u>	<u>(332,571)</u>
Loss attributable to non-controlling interests	<u>\$ (3,883)</u>	<u>(68,558)</u>
Comprehensive loss attributable to non-controlling interests	<u>\$ (21,248)</u>	<u>(95,128)</u>

	For the three months ended March 31	
	2021	2020
Cash flows from (used in) operating activities	\$ (99,100)	1,035,872
Cash flows used in investing activities	(2,619,621)	(596,756)
Cash flows from financing activities	3,182,318	3,466,083
Effect of exchange rate changes	(27,419)	(7,320)
Net increase in cash and cash equivalents	<u>\$ 436,178</u>	<u>3,897,879</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the three months ended March 31, 2021 and 2020, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2021	\$ 320,069	4,062,652	7,145,610	1,161,191	1,860,752	14,550,274
Additions	-	601	43,738	29,248	431,334	504,921
Disposals	-	(57,798)	(517,523)	(33,205)	(217)	(608,743)
Reclassifications	-	4,351	49,120	(7,591)	(196,338)	(150,458)
Effect of changes in exchange rate	(6,956)	(25,629)	(47,526)	(11,522)	(27,143)	(118,776)
Balance on March 31, 2021	<u>\$ 313,113</u>	<u>3,984,177</u>	<u>6,673,419</u>	<u>1,138,121</u>	<u>2,068,388</u>	<u>14,177,218</u>
Balance on January 1, 2020	\$ 134,701	4,014,529	7,508,088	2,089,856	1,111,056	14,858,230
Additions	-	6,730	48,146	4,935	260,338	320,149
Disposals	-	(230)	(148,469)	(619,873)	(560)	(769,132)
Reclassifications	-	1,402	96,802	27,293	(163,491)	(37,994)
Effect of changes in exchange rate	-	(42,099)	(86,687)	(10,783)	(1,000)	(140,569)
Balance on March 31, 2020	<u>\$ 134,701</u>	<u>3,980,332</u>	<u>7,417,880</u>	<u>1,491,428</u>	<u>1,206,343</u>	<u>14,230,684</u>
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	2,271,799	5,084,215	652,245	-	8,008,259
Depreciation	-	66,800	271,296	41,145	-	379,241
Impairment loss (reversal)	-	971	2,924	(10,881)	-	(6,986)
Disposals	-	(51,929)	(450,311)	(16,449)	-	(518,689)
Reclassifications	-	(157)	(122,365)	(9,390)	-	(131,912)
Effect of changes in exchange rate	-	(14,318)	(29,904)	(5,890)	-	(50,112)
Balance on March 31, 2021	<u>\$ -</u>	<u>2,273,166</u>	<u>4,755,855</u>	<u>650,780</u>	<u>-</u>	<u>7,679,801</u>
Balance on January 1, 2020	\$ -	2,035,962	4,894,405	564,123	-	7,494,490
Depreciation	-	63,584	297,776	87,645	-	449,005
Disposals	-	(230)	(35,297)	(43,577)	-	(79,104)
Effect of changes in exchange rate	-	(21,344)	(49,594)	(9,994)	-	(80,932)
Balance on March 31, 2020	<u>\$ -</u>	<u>2,077,972</u>	<u>5,107,290</u>	<u>598,197</u>	<u>-</u>	<u>7,783,459</u>
Carrying amounts:						
Balance on January 1, 2021	<u>\$ 320,069</u>	<u>1,790,853</u>	<u>2,061,395</u>	<u>508,946</u>	<u>1,860,752</u>	<u>6,542,015</u>
Balance on March 31, 2021	<u>\$ 313,113</u>	<u>1,711,011</u>	<u>1,917,564</u>	<u>487,341</u>	<u>2,068,388</u>	<u>6,497,417</u>
Balance on January 1, 2020	<u>\$ 134,701</u>	<u>1,978,567</u>	<u>2,613,683</u>	<u>1,525,733</u>	<u>1,111,056</u>	<u>7,363,740</u>
Balance on March 31, 2020	<u>\$ 134,701</u>	<u>1,902,360</u>	<u>2,310,590</u>	<u>893,231</u>	<u>1,206,343</u>	<u>6,447,225</u>

(i) The unamortized deferred revenue of equipment subsidy amounted to \$1,260,970, \$1,415,511 and \$2,440,223 as of March 31, 2021, December 31 and March 31, 2020, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The factory of the Group's subsidiary in China is expected to be relocated to a new site in 2021, where parts of its property, plant and equipment will be disposed, resulting in the Group to measure the carrying amount by using the recoverable amount and recognized reversal of impairment loss of \$6,986 under other gains and losses for the three months ended March 31, 2021.
- (iii) The Group provided the aforementioned property, plant and equipment as collateral; please refer to note 8.

(j) Right-of-use assets

The Group leases many assets including land, buildings and vehicles. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 406,195	1,773,581	30,703	5,349	2,215,828
Additions	-	11,218	2,735	-	13,953
Disposals	-	(91,619)	(1,969)	-	(93,588)
Lease modification	-	1,045,772	-	-	1,045,772
Effect of changes in exchange rates	(3,143)	(15,994)	(166)	(7)	(19,310)
Balance on March 31, 2021	<u>\$ 403,052</u>	<u>2,722,958</u>	<u>31,303</u>	<u>5,342</u>	<u>3,162,655</u>
Balance on January 1, 2020	\$ 402,455	1,718,180	17,685	3,431	2,141,751
Additions	-	19,811	8,169	-	27,980
Effect of changes in exchange rates	(5,487)	(39,177)	(261)	(7)	(44,932)
Balance on March 31, 2020	<u>\$ 396,968</u>	<u>1,698,814</u>	<u>25,593</u>	<u>3,424</u>	<u>2,124,799</u>
Depreciation:					
Balance on January 1, 2021	\$ 25,790	596,500	21,645	3,841	647,776
Depreciation	3,784	74,153	2,395	501	80,833
Disposals	-	(91,619)	(1,969)	-	(93,588)
Lease modification	-	(4,703)	-	-	(4,703)
Effect of changes in exchange rates	(472)	(4,359)	(106)	(7)	(4,944)
Balance on March 31, 2021	<u>\$ 29,102</u>	<u>569,972</u>	<u>21,965</u>	<u>4,335</u>	<u>625,374</u>
Balance on January 1, 2020	\$ 10,627	277,503	8,753	1,715	298,598
Depreciation	3,808	80,519	3,486	482	88,295
Effect of changes in exchange rates	(301)	(5,748)	(92)	(7)	(6,148)
Balance on March 31, 2020	<u>\$ 14,134</u>	<u>352,274</u>	<u>12,147</u>	<u>2,190</u>	<u>380,745</u>
Carrying amounts:					
Balance on January 1, 2021	<u>\$ 380,405</u>	<u>1,177,081</u>	<u>9,058</u>	<u>1,508</u>	<u>1,568,052</u>
Balance on March 31, 2021	<u>\$ 373,950</u>	<u>2,152,986</u>	<u>9,338</u>	<u>1,007</u>	<u>2,537,281</u>
Balance on January 1, 2020	<u>\$ 391,828</u>	<u>1,440,677</u>	<u>8,932</u>	<u>1,716</u>	<u>1,843,153</u>
Balance on March 31, 2020	<u>\$ 382,834</u>	<u>1,346,540</u>	<u>13,446</u>	<u>1,234</u>	<u>1,744,054</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Investment property

	Buildings and other equipment		Total
	Land		
Carrying amounts:			
Balance on January 1, 2021	\$ <u>16,249</u>	<u>17,577</u>	<u>33,826</u>
Balance on March 31, 2021	\$ <u>16,249</u>	<u>17,461</u>	<u>33,710</u>
Balance on January 1, 2020	\$ <u>16,249</u>	<u>18,040</u>	<u>34,289</u>
Balance on March 31, 2020	\$ <u>16,249</u>	<u>17,924</u>	<u>34,173</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2021 and 2020. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2020 for other further information.
- (ii) The fair value of the investment property was not significantly different from those disclosed in the note 6(l) of the consolidated financial statements for the year ended December 31, 2020.
- (iii) The Group did not provide any of the aforementioned investment property as collateral.

(l) Intangible assets

	Goodwill	Customer Relationships	Technology	Trademarks, Patents and Copyrights	Total
	Carrying amounts:				
Balance on January 1, 2021	\$ <u>2,026,084</u>	<u>217,380</u>	<u>126,803</u>	<u>311</u>	<u>2,370,578</u>
Balance on March 31, 2021	\$ <u>2,025,721</u>	<u>199,410</u>	<u>116,321</u>	<u>7,819</u>	<u>2,349,271</u>
Balance on January 1, 2020	\$ <u>2,035,095</u>	<u>289,260</u>	<u>168,733</u>	<u>8,068</u>	<u>2,501,156</u>
Balance on March 31, 2020	\$ <u>2,036,805</u>	<u>271,289</u>	<u>158,252</u>	<u>8,779</u>	<u>2,475,125</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2021 and 2020. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2020 for other related information.
- (ii) The Group did not provide any of the aforementioned intangible assets as collateral.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Short-term borrowings

The details were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Unsecured bank loans	\$ <u>8,662,086</u>	<u>905,059</u>	<u>9,151,670</u>
Unused credit lines	\$ <u>14,755,162</u>	<u>22,857,597</u>	<u>13,928,171</u>
Annual interest rates	<u>0.50%~0.94%</u>	<u>0.70%~0.95%</u>	<u>0.60%~2.33%</u>

(n) Long-term borrowings

March 31, 2021

	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	1.43%~1.65%	2023	\$ 1,027,124
Secured bank loans	USD	1.02%	2023	427,968
Less: current portion				<u>(121,257)</u>
				<u>\$ 1,333,835</u>
Unused credit lines				<u>\$ 1,968,658</u>

December 31, 2020

	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	1.46%~1.67%	2023	\$ 755,459
Less: current portion				<u>(74,833)</u>
				<u>\$ 680,626</u>
Unused credit lines				<u>\$ 2,237,873</u>

March 31, 2020

	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	USD	2.2%~3.05%	2021	\$ 151,271
Less: current portion				<u>-</u>
				<u>\$ 151,271</u>
Unused credit lines				<u>\$ 453,811</u>

(i) Please refer to note 9 for the details of the outstanding guarantee notes.

(ii) Please refer to note 8 for further information on assets provided as collateral.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Current	<u>\$ 237,034</u>	<u>271,483</u>	<u>279,962</u>
Non-current	<u>\$ 2,002,054</u>	<u>981,436</u>	<u>1,113,867</u>

For the maturity analysis, please refer to note6 (z).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2021	2020
Interest on lease liabilities	<u>\$ 17,331</u>	<u>15,992</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 24,145</u>	<u>24,348</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31	
	2021	2020
Rental paid in operating activities	\$ (24,145)	(24,348)
Interest on lease liabilities paid in operating activities	(17,331)	(15,992)
Payment made on lease liabilities in financing activities	<u>(65,228)</u>	<u>(72,863)</u>
Total cash outflow for leases	<u>\$ (106,704)</u>	<u>(113,203)</u>

(i) Real estate leases

The Group leases lands and buildings for its office, staff dormitory, factory facilities and warehouses. The leases typically run for a period of two to fifty years. Some leases require additional rental payments depending on the changes in fair value of the lease assets.

(ii) Other leases

The Group leases vehicles and some of other equipments with lease terms of one to five years.

The Group also leases machineries and some of other equipments with lease terms of one to five years. These leases are short-term or leases of low-value items. The Group decided to apply recognition exemptions, and had elected not to recognize its right-of-use assets and lease liabilities for these leases.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2021 and 2020. Please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2020 for other related information.

(q) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

(ii) Defined contribution plans

The Company contribute the pension cost on the defined contribution plans to the labor pension account at the Bureau of Labor Insurance. Subsidiaries other than the Company set up their defined contribution plans in accordance with the regulations of their respective countries.

(iii) The Group recognized its pension costs and recorded them as operating costs and operating expenses.

	For the three months ended March 31	
	2021	2020
Defined benefit plans	\$ 105	273
Defined contribution plans	90,994	83,032
Total	\$ 91,099	83,305

(r) Income taxes

(i) Income tax expense for the period is best estimated by multiplying the profit before tax of the reporting period by the effective annual tax rate as forecasted by the management.

(ii) The details of the Group's income tax expenses were as follows:

	For the three months ended March 31	
	2021	2020
Income tax expense	\$ 132,741	58,358

(iii) There were no income tax recognized in equity or other comprehensive income.

(iv) The Company's income tax returns have been examined by the tax authority through the years to 2018.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2021 and 2020. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2020.

(i) Ordinary shares

As of March 31, 2021, December 31 and March 31, 2020, the nominal ordinary shares amounted to \$5,500,000. Par value of each share is \$10 (dollars), which means in total there were 550,000 thousand authorized common shares, of which 451,624, 450,898 and 448,731 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding were as follows:

	Ordinary shares (in thousands of shares)	
	For the three months ended March 31	
	2021	2020
Balance on January 1	450,898	448,581
Issuance of restricted stock	740	180
Retirement of restricted stock	(14)	(30)
Balance on March 31	451,624	448,731

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital	\$ 784,225	759,070	704,956
Employee stock options	259,401	259,401	259,401
Restricted employee stock options	178,277	169,540	155,584
Long-term investment	382,633	379,617	370,763
	\$ 1,604,536	1,567,628	1,490,704

(iii) Retained earnings

According to the articles of the Company, when allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earning left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside a special capital reserve in accordance with relevant laws, the balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals according to the resolution adopted at the shareholders' meeting.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company is at the growth stage and considers its future cash demand, long-term financial plans, benefits to shareholders, and balanced dividends. Earnings distribution is made by stock dividend and cash dividend. The cash dividend shall not be less than 10 percent of the total dividends and could be adjusted depending on the Company's operating condition.

On February 26, 2021, the board of directors' meeting resolved to appropriate the 2020 earnings. On June 23, 2020, the shareholders' meeting resolved to distribute the 2019 earnings. The distributions were NT\$3 (dollars) and NT\$2.4 (dollars) per share, which amounted to \$1,354,873 and \$1,076,876, respectively.

(t) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the three months ended March 31, 2021 and 2020. Please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2020 for further information.

After the shareholders' meeting on June 23, 2020, the Company decided to issue 3,000 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 2,260 and 740 thousand shares on July 30, 2020 and January 25, 2021, respectively.

Expenses attributable to share-based payment were as follows:

	For the three months ended March 31	
	2021	2020
Employee stock options	\$ 4,242	4,201
Restricted stock	27,620	24,584
Total	\$ 31,862	28,785

(u) Earnings per share

The calculation of basic earnings and diluted earnings per share was as follows:

(i) Basic earnings per share

	For the three months ended March 31	
	2021	2020
Profit attributable to owners of parent	\$ 505,207	275,813
Weighted-average number of ordinary shares (thousand shares)	447,029	445,407
Basic earnings per share (NT dollars)	\$ 1.13	0.62

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended March 31	
	2021	2020
Profit attributable to owners of parent	\$ 505,207	275,813
Weighted-average number of ordinary shares (diluted) (thousand shares)	449,911	448,599
Diluted earnings per share (NT dollars)	\$ 1.12	0.61

Weighted-average number of ordinary shares (diluted) (thousand shares)

	For the three months ended March 31	
	2021	2020
Weighted-average number of ordinary shares on March 31 (basic)	447,029	445,407
Estimated effect of employee stock bonuses	1,048	2,263
Effect of restricted stock	1,834	929
Weighted-average number of ordinary shares on March 31 (diluted)	449,911	448,599

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 8,662,850	7,998,446	16,661,296
Service rendered	15,247	482,844	498,091
	\$ 8,678,097	8,481,290	17,159,387

	For the three months ended March 31, 2020		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 5,370,773	7,672,428	13,043,201
Service rendered	42,188	438,712	480,900
	\$ 5,412,961	8,111,140	13,524,101

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31	
	2021	2020
Mainland China	\$ 8,655,007	6,041,086
Europe	3,806,459	3,459,693
America	3,689,414	3,224,669
Other	1,008,507	798,653
	\$ 17,159,387	13,524,101

(ii) Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020
Notes and accounts receivable (including related parties)	\$ 12,349,104	13,819,185	11,225,449
Less: allowance for doubtful accounts	(42,119)	(42,155)	(64,612)
	\$ 12,306,985	13,777,030	11,160,837
Contract liabilities (classified as other current liabilities)	\$ 204,265	226,063	100,142

For details on accounts receivable (including related parties) and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the three months ended March 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$130,751 and \$88,081, respectively.

The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

(w) Employee's and directors' and supervisors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 2 to 10 percent of the profit as employee remuneration and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Details of remuneration to employees and directors for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31	
	2021	2020
Employee remuneration	\$ 18,599	11,821
Directors' remuneration	9,299	5,911
	\$ 27,898	17,732

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimate and recognized as profit or loss in the distribution year.

The differences between the amounts approved in the directors' meeting and those recognized in the financial statements for the distributions of earnings for 2020 and 2019 were as follows:

	2020		
	Actual earnings distributed	Accrued in the financial statement	Difference
Employee remuneration–Cash	\$ 72,645	72,645	-
Director's remuneration	36,322	36,323	1
	2019		
	Actual earnings distributed	Accrued in the financial statement	Difference
Employee remuneration–Cash	\$ 75,520	75,526	6
Director's remuneration	26,430	37,763	11,333

The aforementioned differences were accounted for as changes in accounting estimates and recognized as profit or loss in the years 2021 and 2020. Information on the remuneration to employees and directors, approved in the board of directors' meetings, can be accessed in the Market Observation Post System website.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Other income

The details of other income were as follows:

	For the three months ended March 31	
	2021	2020
Rent income	\$ 2,217	3,352
Other	584	314
	\$ 2,801	3,666

(y) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31	
	2021	2020
Net losses on financial assets/liabilities measured at FVTPL	\$ (154,712)	(3,630)
Reversal of impairment losses of property, plant and equipment	6,986	-
Foreign currency exchange gains, net	252,250	93,207
Net gains (losses) on disposal of property, plant and equipment	(13,217)	237
Other	(21,551)	10,949
	\$ 69,756	100,763

(z) Financial instruments

Except for the following paragraph, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(aa) of the consolidated financial statements for the year ended December 31, 2020 for further information.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
March 31, 2021						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 8,662,086	8,668,654	8,668,654	-	-	-
Notes and accounts payable	15,205,024	15,205,024	15,205,024	-	-	-
Other payables	2,344,187	2,344,187	2,344,187	-	-	-
Salaries payable	838,737	838,737	838,737	-	-	-
Lease liabilities	2,239,088	2,761,349	298,792	255,336	600,419	1,606,802
Refund liabilities	1,606,858	1,606,858	1,606,858	-	-	-
Long-term borrowings	1,455,092	1,494,324	140,237	791,728	562,359	-
Guarantee deposits	11,236	11,236	-	-	-	11,236
Derivative financial liabilities:	378,023	-	-	-	-	-
Outflow	-	14,658,927	14,658,927	-	-	-
Inflow	-	(14,280,904)	(14,280,904)	-	-	-
	<u>\$ 32,740,331</u>	<u>33,308,392</u>	<u>29,480,512</u>	<u>1,047,064</u>	<u>1,162,778</u>	<u>1,618,038</u>
December 31, 2020						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 905,059	905,704	905,704	-	-	-
Notes and accounts payable	19,001,057	19,001,057	19,001,057	-	-	-
Other payables	3,013,224	3,013,224	3,013,224	-	-	-
Salaries payable	1,131,626	1,131,626	1,131,626	-	-	-
Lease liabilities	1,252,919	1,569,900	314,226	274,753	403,365	577,556
Refund liabilities	1,421,407	1,421,407	1,421,407	-	-	-
Long-term borrowings	755,459	781,146	85,851	250,101	445,194	-
Guarantee deposits	12,225	12,225	-	-	-	12,225
Derivative financial liabilities:	432,171	-	-	-	-	-
Outflow	-	4,601,941	4,601,941	-	-	-
Inflow	-	(4,169,770)	(4,169,770)	-	-	-
	<u>\$ 27,925,147</u>	<u>28,268,460</u>	<u>26,305,266</u>	<u>524,854</u>	<u>848,559</u>	<u>589,781</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
March 31, 2020						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 9,151,670	9,182,611	9,182,611	-	-	-
Notes and accounts payable	15,973,906	15,973,906	15,973,906	-	-	-
Other payables	2,751,840	2,751,840	2,751,840	-	-	-
Salaries payable	682,577	682,577	682,577	-	-	-
Lease liabilities	1,393,829	1,747,412	326,741	281,565	507,878	631,228
Refund liabilities	1,519,546	1,519,546	1,519,546	-	-	-
Long-term borrowings	151,271	163,981	4,682	159,299	-	-
Guarantee deposits	257,382	257,382	-	-	-	257,382
Derivative financial liabilities:	161,160	-	-	-	-	-
Outflow	-	13,806,307	13,806,307	-	-	-
Inflow	-	(13,967,031)	(13,967,031)	-	-	-
	<u>\$ 32,043,181</u>	<u>32,118,531</u>	<u>30,281,179</u>	<u>440,864</u>	<u>507,878</u>	<u>888,610</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(ii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2021</u>			<u>December 31, 2020</u>			<u>March 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:CNY	\$ 660,270	6.5713	18,838,161	702,844	6.5249	20,036,689	516,701	7.0851	15,632,266
USD:HKD	277,473	7.7750	7,916,580	334,958	7.7526	9,548,984	350,253	7.7543	10,596,543
USD:TWD	326,421	28.5310	9,313,110	383,595	28.5080	10,935,538	252,124	30.2540	7,627,745
EUR:CZK	9,413	25.9500	314,808	9,948	26.4220	348,783	6,116	27.2856	203,926
USD:CZK	6,335	22.1400	180,744	5,347	21.4820	152,421	5,612	24.7620	169,785
USD:THB	21,441	31.2450	611,742	18,653	30.0500	531,753	47	32.6670	1,429
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:CNY	\$ 605,711	6.5713	17,281,554	519,840	6.5249	14,819,609	408,142	7.0851	12,347,922
USD:HKD	230,600	7.7750	6,579,244	284,168	7.7526	8,101,051	320,639	7.7543	9,700,604
USD:TWD	424,665	28.5310	12,116,109	500,374	28.5080	14,299,486	339,971	30.2540	10,285,480
EUR:CZK	7,942	25.9500	265,612	6,624	26.4220	232,256	5,314	27.2856	177,185
USD:THB	23,494	31.2450	670,304	26,614	30.0500	758,706	1,766	32.6670	53,436

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, derivative financial instruments, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD, CNY, HKD, CZK and THB against the USD as well as CZK against the EUR as of March 31, 2021, December 31 and March 31, 2020, would have increased or decreased the net profit before tax by \$13,116 and \$85,954, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2021 and 2020, foreign exchange gain (including realized and unrealized portions) amounted to \$252,250 and \$93,207, respectively.

(iii) Interest rate analysis

Please refer to the note on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is based on the assumption that the amounts of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the profit before tax would have increased or decreased by \$2,631 and \$4,038 for the three months ended March 31, 2021 and 2020, respectively. This is mainly due to borrowings, demand deposits and time deposits with variable interest rates.

(iv) Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	\$ <u>222,708</u>	-	-	222,708	222,708
Financial assets at FVOCI – non-current	\$ <u>151,498</u>	-	-	151,498	151,498
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 6,166,819				
Financial assets at amortized cost – current	8,065,336				
Notes and accounts receivable (including related parties)	12,306,985				
Other receivables	906,951				
Refundable deposits	<u>92,359</u>				
Total	\$ <u>27,538,450</u>				
Financial liabilities at FVTPL – current	\$ <u>378,023</u>	-	-	378,023	378,023
Financial liabilities measured at amortized cost:					
Borrowings	\$ 10,117,178				
Notes and accounts payable	15,205,024				
Other payables	2,344,187				
Salaries payable	838,737				
Lease liabilities	2,239,088				
Refund liabilities	1,606,858				
Guarantee deposits	<u>11,236</u>				
Total	\$ <u>32,362,308</u>				

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2020			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	\$ <u>313,758</u>	-	-	313,758	313,758
Financial assets at FVOCI – non-current	\$ <u>121,672</u>	-	-	121,672	121,672
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 6,935,353				
Financial assets at amortized cost – current	855,238				
Notes and accounts receivable (including related parties)	13,777,030				
Other receivables	1,349,362				
Refundable deposits	<u>119,092</u>				
Total	\$ <u>23,036,075</u>				
Financial liabilities at FVTPL – current	\$ <u>432,171</u>	-	-	432,171	432,171
Financial liabilities measured at amortized cost:					
Borrowings	\$ 1,660,518				
Notes and accounts payable	19,001,057				
Other payables	3,013,224				
Salaries payable	1,131,626				
Lease liabilities	1,252,919				
Refund liabilities	1,421,407				
Guarantee deposits	<u>12,225</u>				
Total	\$ <u>27,492,976</u>				

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2020			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	\$ <u>155,156</u>	-	-	155,156	155,156
Financial assets at FVOCI – non-current	\$ <u>117,124</u>	-	-	117,124	117,124
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 15,639,323				
Notes and accounts receivable (including related parties)	11,160,837				
Other receivables	957,097				
Refundable deposits	<u>113,093</u>				
Total	\$ <u>27,870,350</u>				
Financial liabilities at FVTPL – current	\$ <u>161,160</u>	-	-	161,160	161,160
Financial liabilities measured at amortized cost :					
Borrowings	\$ 9,302,941				
Notes and accounts payable	15,973,906				
Other payables	2,751,840				
Salaries payable	682,577				
Lease liabilities	1,393,829				
Refund liabilities	1,519,546				
Guarantee deposits	<u>257,382</u>				
Total	\$ <u>31,882,021</u>				

2) Fair value valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be reached, then the market is non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

- a) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
 - b) Financial assets at FVOCI – non-current are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and adjusted for the lack of liquidity. When prices are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.
- 3) In the three months ended March 31, 2021 and 2020, there were no transfers between different Levels.
 - 4) Reconciliation of Level 3 fair values

	For the three months ended March 31, 2021			For the three months ended March 31, 2020		
	FVTPL	FVOCI	Total	FVTPL	FVOCI	Total
Balance on January 1	\$ (118,413)	121,672	3,259	(20,195)	106,535	86,340
Recognized in profit or loss	(154,712)	-	(154,712)	(3,630)	-	(3,630)
Recognized in other comprehensive income	-	29,326	29,326	-	(2,089)	(2,089)
Acquisition /disposal	117,810	500	118,310	17,821	12,678	30,499
Balance on March 31	<u><u>\$ (155,315)</u></u>	<u><u>151,498</u></u>	<u><u>(3,817)</u></u>	<u><u>(6,004)</u></u>	<u><u>117,124</u></u>	<u><u>111,120</u></u>

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The fair value measurements of the Group which are categorized within level 3 are classified as financial assets and liabilities at FVTPL – derivative financial instruments and financial assets at FVOCI – equity securities. The quantitative information about significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at FVOCI – equity investment without an active market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL	(note 2)	(note 2)	(note 2)

note 1: The fair value is based on the market value, and it has considered the recent financing activities, comparable business, market and other economic conditions etc., to determine the assumptions. Also, the significant unobservable inputs are marketability discount, but any changes of marketability discount would not result in significant potential financial impact, therefore there is no need to show the quantified information on it.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

note 2: The fair value is based on the quotation of a third party, therefore there is no need to show the sensitivity analysis of unobservable inputs.

(aa) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(ab) of the consolidated financial statements for the year ended December 31, 2020.

(ab) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2020 for further details.

(ac) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2021</u>
Short-term borrowings	\$ 905,059	7,757,027	-	8,662,086
Long-term borrowings	755,459	699,633	-	1,455,092
Lease liabilities	<u>1,252,919</u>	<u>(65,228)</u>	<u>1,051,397</u>	<u>2,239,088</u>
Total liabilities from financing activities	<u>\$ 2,913,437</u>	<u>8,391,432</u>	<u>1,051,397</u>	<u>12,356,266</u>
	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2020</u>
Short-term borrowings	\$ 1,092,126	8,059,544	-	9,151,670
Long-term borrowings	178,306	(27,777)	742	151,271
Lease liabilities	<u>1,474,353</u>	<u>(72,863)</u>	<u>(7,661)</u>	<u>1,393,829</u>
Total liabilities from financing activities	<u>\$ 2,744,785</u>	<u>7,958,904</u>	<u>(6,919)</u>	<u>10,696,770</u>

(ad) Supplementary information of cash flow

- (i) The Group's cash flow used in acquisition of property, plant and equipment were \$535,169 and \$995,366, respectively, wherein cash payment for payables on equipment amounted to \$30,248 and \$675,217 for the three months ended March 31, 2021 and 2020, respectively.
- (ii) For the three months ended March 31, 2021, the Group's disposal of property, plant and equipment included the written off of the unamortized deferred revenue of equipment subsidy amounted to \$75,001. For the three months ended March 31, 2020, \$688,189 among the Group's disposal of property, plant and equipment were the written off of the unamortized deferred revenue of equipment subsidy amounted to \$279,760, and the recognition of receivables of equipment amounted to \$408,429.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship of the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name</u>	<u>Relationship</u>
Specialty Technologies, LLC (Specialty)	Substantive related party

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties and the outstanding balances were as follows:

	<u>Sales</u>		<u>Notes and accounts receivable</u>		
	<u>For the three months ended March 31</u>		<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>31, 2020</u>	<u>2020</u>
Other related parties	<u>\$ 229,991</u>	<u>34,505</u>	<u>162,344</u>	<u>198,189</u>	<u>144,786</u>

There were no significant differences in the selling prices between the related parties and other customers. The trading terms offered to other related parties were 60 days, and the trading terms to other customers were 45 days to 120 days.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended</u>	
	<u>March 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 42,773	40,520
Post-employment benefits	350	243
Share-based payments	<u>14,337</u>	<u>13,553</u>
	<u>\$ 57,460</u>	<u>54,316</u>

Please refer to note 6(t) for information related to share-based payments.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Financial assets at amortized cost – current	Guarantee letters issued by bank	\$ <u>5,210</u>	<u>-</u>	<u>-</u>
Other current assets – restricted assets	Guarantee letters issued by bank	<u>-</u>	<u>-</u>	<u>1,068</u>
Other current assets – restricted assets	Accounts receivable factoring	\$ <u>21,646</u>	<u>-</u>	<u>47,311</u>
Other non-current assets – restricted assets	Guarantee letters issued by bank	\$ <u>57,764</u>	<u>57,763</u>	<u>57,758</u>
Property, plant and equipment	Loan collateral	\$ <u>821,196</u>	<u>-</u>	<u>879,941</u>

(9) Commitments and contingencies:

- (a) For the detail of the Group's guarantee, please refer to note 13.
- (b) The following are savings accounts provided by the Group to the bank in order for the bank to issue a guarantee letter to customs and Power Supply Bureau as guarantee deposits and power supply guarantee, respectively.

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Guarantee letters	\$ <u>69,275</u>	<u>63,012</u>	<u>136,656</u>

- (c) Guarantee notes provided as part of agreements with banks to sell accounts receivable and to acquire long-term borrowings were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Sales of accounts receivable	\$ <u>1,731,546</u>	<u>1,232,245</u>	<u>1,712,592</u>
Long-term borrowings	\$ <u>3,138,410</u>	<u>3,135,880</u>	<u>-</u>

- (d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Property, plant and equipment	\$ <u>721,036</u>	<u>877,391</u>	<u>1,011,668</u>

(10) Losses Due to Major Disasters: None**(11) Subsequent Events: None**

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

A summary of employee benefit, depreciation, and amortization expenses by function, was as follows:

By item	By function	For the three months ended March 31, 2021			For the three months ended March 31, 2020		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits							
Salaries		911,998	940,843	1,852,841	753,059	754,304	1,507,363
Labor and health insurance		30,912	53,846	84,758	28,145	57,547	85,692
Pension		53,217	37,882	91,099	51,263	32,042	83,305
Others		32,156	38,621	70,777	52,237	49,859	102,096
Depreciation		384,016	76,058	460,074	496,336	40,964	537,300
Amortization		5,853	49,070	54,923	4,038	48,490	52,528

(13) Other disclosures:**(a) Information on significant transactions:**

The followings were the information on significant transactions required by the Regulations for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	PKS1	The Company	Other receivables	Y	293,440	-	-	0	Necessary to loan to other parties	-	Operating capital	-	-	-	807,941	807,941

Note 1: After the approval from the Board of Directors, the loan provided to an individual entity shall not exceed the net worth of PKS1 in the latest financial statements to its parent company, and also to subsidiaries wherein its parent owns 100%, directly and indirectly, of its voting shares. Also, the criterion for the amount available for financing is the same as that offered to an individual entity mentioned above.

Note 2: The above transactions have been eliminated during the preparation of the consolidated Financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	4,123,831	285,310	285,310	7,238	-	2.08 %	10,996,883	Y	N	Y
1	Tymphony Huizhou	TYM UK	The subsidiary of TYM Acoustic HK	1,661,530	6,942	6,860	6,860	-	0.12 %	4,430,748	N	N	N

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1: The amount of the guarantee to a company shall not exceed 30% of the Company's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Company's net worth in the latest financial statements.

Note 2: The amount of the guarantee to a company shall not exceed 30% of the Tymphony Huizhou's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Tymphony Huizhou's net worth in the latest financial statements.

Note 3: The above counter-parties of guarantee and endorsement are subsidiaries included in the consolidated financial statements.

(iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Company Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Shares:							
	Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI	359	-	3.59	-	
	WK Technology Fund IV LTD.	-	"	40	53	0.38	53	
	Changing Information Technology Inc.	-	"	202	6,702	1.48	6,702	
	Formosoft International Inc.	-	"	11	-	0.41	-	
	Syntronix Corp.	-	"	7	49	0.02	49	
	Ricavision International Inc.	-	"	917	-	2.04	-	
	Grove Ventures, L.P.	-	"	-	86,734	2.73	86,734	
	Grove Ventures II, L.P.	-	"	-	26,249	3.31	26,249	
					<u>119,787</u>			
Primax Tech.	Shares:							
	Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-	
	WK Global Investment III Ltd.	-	"	361	31,711	1.32	31,711	
					<u>31,711</u>			

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD\$300 million or 20% of the Company's paid-in capital:

Name of company	Security type and name	Account	counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
PCQ1	Money market fund of RMB	Financial assets at FVTPL	Initial Offerings	None	-	-	-	363,150	-	363,449	363,105	299 (note 1)	-	-

Note 1: Gains on disposal include valuation and exchange differences on translation.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD\$300 million or 20% of the Company's issued capital: None

(vi) Disposal of individual real estate with amount exceeding the lower of TWD\$300 million or 20% of the Company's issued capital: None

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD\$100 million or 20% of the Company's issued capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Primax Singapore	Subsidiary	Sale	(1,730,181)	(16) %	60 days	Price agreed by both side	The same as general selling	1,107,475	14%	note 1
"	PCH2	The subsidiary of Primax HK	Purchase	6,136,628	63 %	"	"	The same as general purchasing	(3,373,727)	(57)%	"
"	PKS1	"	Purchase	558,919	6 %	"	"	"	(956,484)	(16)%	"
"	PCQ1	"	Purchase	2,008,589	21 %	"	"	"	(1,231,790)	(21)%	"
"	Polaris	The subsidiary of Primax Tech.	Sale	(768,740)	(7) %	90 days	"	The same as general selling	239,014	3%	"
"	Primax Thailand	The subsidiary of Primax Singapore.	Purchase	256,529	3 %	60 days	"	The same as general purchasing	(195,017)	(3)%	"
Primax Singapore	The Company	Parent	Purchase	1,730,181	100 %	"	"	"	(1,107,475)	(100)%	"
PCH2	"	The parent of Primax Cayman	Sale	(6,136,628)	(88) %	"	"	The same as general selling	3,373,727	80%	"
PKS1	"	"	Sale	(558,919)	(100) %	"	"	"	956,484	100%	"
PCQ1	"	"	Sale	(2,008,589)	(75) %	"	"	"	1,231,790	67%	"
Primax Thailand	"	The parent of Primax Singapore.	Sale	(256,529)	(99) %	"	"	"	195,017	100%	"
Polaris	"	The parent of Primax Tech.	Purchase	768,740	100 %	90 days	"	The same as general purchasing	(239,014)	(100)%	"
Tymphony Huizhou	TYM HK	The subsidiary of TYM Acoustic HK	Sale	(1,242,821)	(88) %	60 days	"	The same as general selling	1,474,252	90%	"
Tymphony Dongguan	"	"	Sale	(2,176,880)	(94) %	"	"	"	666,110	79%	"
TYDC	"	"	Sale	(360,532)	(85) %	"	"	"	245,397	73%	"
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	511,285	84 %	90 days	"	The same as general purchasing	(341,882)	(72)%	"
TYM Acoustic Europe	TYM Acoustic HK	Parent	Sale	(511,285)	(80) %	"	"	The same as general selling	341,882	83%	"
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	1,242,821	29 %	60 days	"	The same as general purchasing	(1,474,252)	(59)%	"
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	2,176,880	51 %	"	"	"	(666,110)	(27)%	"
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	360,532	8 %	"	"	"	(245,397)	(10)%	"
"	TYML	Subsidiary	Sale	(114,947)	(3) %	90 days	"	The same as general selling	-	-%	"
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	268,020	6 %	60 days	"	The same as general purchasing	(80,443)	(3)%	"
"	Specialty	Other related party	Sale	(229,991)	(5) %	90 days	"	The same as general selling	162,344	6%	"
TYML	TYM HK	Parent	Purchase	114,947	100 %	"	"	The same as general purchasing	-	-%	note 1
TYTH	"	The subsidiary of TYM Acoustic HK	Sale	(268,020)	(100) %	60 days	"	The same as general selling	80,443	100%	"

Note 1: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of TWD\$100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Primax Singapore	Subsidiary	1,107,475 (note 5)	12.50	-	-	158,973	-
"	"	"	35,814 (note 5)	(note 4)	-	-	-	-
"	Polaris	Subsidiary of Primax Tech.	239,014 (note 5)	9.93	-	-	140,270	-
"	PCH2	The subsidiary of Primax HK.	121,301 (note 2) (note 5)	3.34	-	-	51,682	-
"	"	"	21,998 (note 5)	(note 3)	-	-	13,052	-
PCH2	The Company	The parent of Primax Cayman	3,373,727 (note 5)	4.48	-	-	2,790,575	-
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	138,817 (note 5)	(note 3)	-	-	48,630	-
"	Primax Thailand	The subsidiary of Primax Singapore	164,498 (note 5)	"	-	-	47,323	-
PKS1	The Company	The parent of Primax Cayman	956,484 (note 5)	1.93	-	-	291,875	-
PCQ1	"	"	1,231,790 (note 5)	3.98	-	-	625,697	-
Primax Thailand	"	The parent of Primax Singapore	195,017 (note 5)	5.61	-	-	-	-
Tymphony Huizhou	TYM HK	The subsidiary of TYM Acoustic HK	1,474,252 (note 5)	2.93	-	-	818,196	-
Tymphony Dongguan	"	"	666,110 (note 5)	3.89	-	-	168,013	-
"	"	"	37,384 (note 5)	(note 3)	-	-	5,773	-
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	245,397 (note 5)	4.37	-	-	45,766	-
TYM Acoustic Europe	TYM Acoustic HK	Parent	341,882 (note 5)	6.48	-	-	213,296	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	100,061 (note 5)	2.27	-	-	49,588	-
"	"	"	4,380,640 (note 5)	(note 3)	-	-	806,342	-
"	Tymphony Huizhou	The parent of TYM Acoustic HK	132,951 (note 5)	"	-	-	85,695	-
"	Specialty	Other related party	162,344	5.10	-	-	56,855	-

Note 1: Amounts collected as of April 23, 2021.

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the three months ended March 31, 2021 was \$114,641, which was written off with related cost of goods sold, and not regarded as sales for the Company.

Note 3: The receivables arise from service rendering for intercompany or material purchasing on behalf of intercompany or related parties.

Note 4: The receivables arise from equipment receivable received on behalf of intercompany.

Note 5: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to note 6(b).

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
0	The Company	Primax Singapore	Subsidiary	Sales	1,730,181	Price agreed by both sides	10.08 %
"	"	"	"	Accounts Receivable	1,107,475	60 days	2.10 %
"	"	"	"	Other Receivable	35,814	(Note 3)	0.07 %
"	"	PCH2	The subsidiary of Primax HK	Purchase	6,136,628	Price agreed by both sides	35.76 %
"	"	"	"	Accounts Payable	3,373,727	60 days	6.41 %
"	"	"	"	Accounts Receivable	121,301	"	0.23 %
"	"	"	"	Other Receivable	21,998	(Note 2)	0.04 %
"	"	PKS1	"	Purchase	558,919	Price agreed by both sides	3.26 %
"	"	"	"	Accounts Payable	956,484	60 days	1.82 %
"	"	PCQ1	"	Purchase	2,008,589	Price agreed by both sides	11.71 %
"	"	"	"	Accounts payable	1,231,790	60 days	2.34 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	768,740	Price agreed by both sides	4.48 %
"	"	"	"	Accounts Receivable	239,014	90 days	0.45 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	256,529	Price agreed by both sides	1.49 %
"	"	"	"	Accounts Payable	195,017	60 days	0.37 %
1	PCH2	Tymphany Dongguan	The subsidiary of Tymphany Huizhou	Other Receivable	138,817	(Note 2)	0.26 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	"	164,498	"	0.31 %
2	Tymphany Huizhou	TYM HK	The subsidiary of TYM Acoustic HK	Sale	1,242,821	Price agreed by both sides	7.24 %
"	"	"	"	Accounts Receivable	1,474,252	60 days	2.80 %
"	"	"	"	Other Receivable	132,951	(Note 2)	0.25 %
3	Tymphany Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	Sale	2,176,880	Price agreed by both sides	12.69 %
"	"	"	"	Accounts Receivable	666,110	60 days	1.27 %
"	"	"	"	Accounts Payable	100,061	"	0.19 %
"	"	"	"	Other Receivable	37,384	(Note 2)	0.07 %
"	"	"	"	Other payable	4,380,640	"	8.32 %

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
4	TYDC	TYM HK	The subsidiary of TYM Acoustic HK	Sale	360,532	Price agreed by both sides	2.10 %
"	"	"	"	Accounts Receivable	245,397	60 days	0.47 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	511,285	Price agreed by both sides	2.98 %
"	"	"	"	Accounts Payable	341,882	90 days	0.65 %
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Service Expense	119,638	Price agreed by both sides	0.70 %
"	"	TYML	Subsidiary	Sale	114,947	"	0.67 %
"	"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	268,020	"	1.56 %

Note 1: Disclosure of the amounts exceeding of NTS100 million.

Note 2: The receivables arises from service rendering for intercompany or material purchasing on behalf of intercompany or related party.

Note 3: The receivables arise from equipment receivable received on behalf of intercompany.

Note 4: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	6,499,031	130,325	117,854	
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	2,510,173	34,779	20,454	
"	Destiny BVI.	Virgin Island	Holding company	30,939	30,939	1,050	100.00	(1,324)	1,670	1,670	
"	Destiny Japan	Japan	Market development of and customer service for computer peripherals, mobile device components, and business devices	7,032	7,032	0.50	100.00	17,139	113	113	
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	5,422,252	(10,998)	(11,111)	
"	Gratus Tech.	USA	Market development of and customer service for computer peripherals, mobile device components, and business devices	9,330	9,330	300	100.00	12,691	352	352	
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	591,890	(20,902)	(20,902)	
"	Primax Singapore	Singapore	Holding company	904,150	619,150	30,100	100.00	669,576	(55,887)	(41,863)	
	Total			9,710,798	9,425,798			15,721,428	79,452	66,567	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	872,151	588,291	900	99.99	661,041	(55,859)	(55,859)	
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	6,588,806	130,527	130,527	

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
Primax Tech.	Polaris	USA	Sale and purchase of computer peripherals, mobile device components, and business devices, as well as market development and customer service.	52,680	52,680	1,600	100.00	386,040	1,789	1,789	
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	5,517,731	7,613	(10,839)	
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	531,995	(42,750)	(20,641)	
Tymphony Huizhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories, speakers and their components, as well as holding business	1,592,954	1,592,954	418,090	100.00	2,350,154	(11,427)	(11,427)	
TYM Acoustic HK	TYM HK	Hong Kong	Holding company and market development of various speaker accessories, speakers and their components, as well as customer service	76,280 (note 1)	76,280 (note 1)	144,395	100.00	1,375,500	19,245	19,245	
"	TYP	USA	Market development of and customer service for speakers and their components	15 (note 1)	15 (note 1)	0.50	100.00	16,370	577	577	
"	TYM UK	United Kingdom	R&D and design of various speaker accessories as well as speakers and their components	15,631	15,631	400	100.00	25,834	2,451	2,451	
"	TYM Acoustic Europe	Czech	Manufacturing, installation, and maintenance of various speaker accessories and their components	653,796	653,796	187,800	100.00	769,627	16,473	16,473	
"	TYAT	Taiwan	R&D and design of various speaker accessories as well as speakers and their components	48,318	48,318	5,000	100.00	47,142	(71,233)	(71,233)	
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	583,614	455,877	6,000	99.99	528,354	(7,477)	(7,477)	
TYM HK	TYML	USA	Sales of various audio accessories, speakers and their components	6,628	6,628	200	100.00	10,429	737	737	

Note 1: The amount is the initial investment costs from the original stockholders prior to the acquisition of the Company through Diamond.

Note 2: Related investments (except for AIC) have been eliminated during the preparation of the consolidated financial statements.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,936,178	Indirect investment through Primax Cayman and Primax Tech.	1,566,806	-	-	1,566,787	100,623	100%	100,623	6,193,764	-
Destiny Beijing	R&D of computer peripherals and business devices	38,354	Indirect investment through Destiny BVI.	29,933	-	-	29,958	1,670	100%	1,670	(1,328)	-

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PKS1	Production of computer peripheral products	847,788	Indirect investment through Primax Cayman	627,176	-	-	627,682	699	100%	699	803,610	-
PCQ1	Production of computer peripheral products	828,542	"	570,160	-	-	570,620	62,038	100%	62,038	1,584,004	-
Tymphony Huizhou	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	1,771,758	Indirect investment through Diamond	3,677,532	-	-	3,680,499	12,265	71.43%	8,761	3,956,221	-
Tymphony Dongguan	"	142,655	"	14,254	-	-	14,266	7,978	71.43%	2,665	541,565	-
TYDC	"	86,836	"	-	-	-	-	(25,696)	71.43%	(18,355)	131,750	-

Note 1: The above information on the exchange rate is as follows: HKD:TWD3.6696 ; USD:TWD 28.531; CNY:TWD 4.3418.

Note 2: The differences between the accumulated out flow of investments and paid in capital was derived from the currency exchange on translation, capital increase from retained earning and working capital.

Note 3: Related investments have been eliminated during the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	6,911,365	8,090,047	None (note)

Note: The Company has received the Certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start the operating of its headquarters.

The above investment income(losses) in Mainland China, except for PCH2, was reviewed by the Company's auditors, Tymphony Huizhou, Tymphony Dongguan and TYDC were reviewed by other auditors, and other information related to subsidiaries came from financial reports prepared by the investees, not reviewed by auditors.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the three months ended March 31, 2021, are disclosed in " Information on significant transactions", and "Business relationships and significant intercompany transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
ALPINE ASIA INVESTMENTS LIMITED		24,914,062	5.51 %

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

For the three months ended March 31, 2021 and 2020, the Group's segment information has no significant change. Please refer to note 14 of the consolidated financial statement for the year ended December 31, 2020 for the further information.

The Group's segment financial information was as follows:

	For the three months ended March 31, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 8,678,097	8,481,290	17,159,387
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 8,678,097</u>	<u>8,481,290</u>	<u>17,159,387</u>
Profit before tax from segments reported	<u>\$ 528,627</u>	<u>105,438</u>	<u>634,065</u>
	For the three months ended March 31, 2020		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 5,412,961	8,111,140	13,524,101
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 5,412,961</u>	<u>8,111,140</u>	<u>13,524,101</u>
Profit before tax from segments reported	<u>\$ 278,740</u>	<u>(13,127)</u>	<u>265,613</u>