

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Six Months Ended
June 30, 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 June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 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\$10,007,337 thousand and NT\$5,805,629 thousand, constituting 18.7% and 12.6% of the consolidated total assets; and the total liabilities amounting to NT\$5,499,234 thousand and NT\$4,612,158 thousand, constituting 14.3% and 14.2% of the consolidated total liabilities as of June 30, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to NT\$(261,462) thousand, NT\$27,169 thousand, NT\$(251,629) thousand and NT\$(136,229) thousand, constituting (57.2)%, 12.5%, (29.1)% and (54.1)% of the consolidated comprehensive income (loss) for the three and six months ended June 30, 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\$368,076 thousand and NT\$870,741 thousand as of June 30, 2021 and 2020, and its related share of loss of associates accounted for using equity method of NT\$20,456 thousand, NT\$21,594 thousand, NT\$41,097 thousand and NT\$43,197 thousand for the three and six months ended June 30, 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 June 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three and six months ended June 30, 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\$17,840,296 thousand and NT\$15,673,867 thousand, constituting 33.3% and 33.9% of the related consolidated total assets as of June 30, 2021 and 2020, respectively; as well as the operating revenue amounting to NT\$4,848,334 thousand, NT\$5,735,067 thousand, NT\$10,034,766 thousand and NT\$10,764,360 thousand, constituting 29.5%, 35.3%, 29.9% and 36.2% of the related consolidated operating revenue for the three and six months ended June 30, 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)
August 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 June 30, 2021 and 2020

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2021, December 31 and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2021		December 31, 2020		June 30, 2020				June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity							
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 5,127,284	10	6,935,353	15	10,957,977	24	2100	Short-term borrowings (note 6(m))	\$ 10,333,741	19	905,059	2	7,677,784	17
1110	Current financial assets at fair value through profit or loss (note 6(b))	223,321	-	313,758	1	183,089	1	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	455,762	1	432,171	1	146,330	-
1137	Current financial assets at amortized cost (notes 6(d) and 8)	8,713,826	16	855,238	1	-	-	2170	Notes and accounts payable	14,555,724	27	19,001,057	40	12,557,168	27
1170	Notes and accounts receivable, net (notes 6(e), (v) and 8)	13,207,107	25	13,578,841	29	11,966,608	26	2200	Other payables	4,426,457	8	3,949,527	8	4,431,820	9
1180	Accounts receivable from related parties, net (notes 6(e), (v) and 7)	201,247	-	198,189	-	111,397	-	2201	Salaries payable	995,668	2	1,131,626	2	938,943	2
1200	Other receivables (note 6(e))	1,087,060	2	1,349,362	3	1,622,216	3	2280	Current lease liabilities (note 6(o))	235,438	-	271,483	1	272,701	1
1310	Inventories (note 6(f))	11,225,473	21	10,247,463	22	7,241,361	16	2300	Other current liabilities (note 6(v))	798,442	2	753,750	2	947,312	2
1470	Other current assets (note 8)	962,318	2	1,631,887	4	1,486,000	3	2320	Long-term borrowings, current portion (notes 6(n) and 8)	274,518	1	74,833	-	-	-
		<u>40,747,636</u>	<u>76</u>	<u>35,110,091</u>	<u>75</u>	<u>33,568,648</u>	<u>73</u>	2365	Current refund liabilities	1,568,543	3	1,421,407	3	1,433,547	3
										<u>33,644,293</u>	<u>63</u>	<u>27,940,913</u>	<u>59</u>	<u>28,405,605</u>	<u>61</u>
Non-current assets:								Non-Current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	147,908	-	121,672	-	110,933	-	2540	Long-term borrowings (notes 6(n) and 8)	1,146,854	2	680,626	1	222,450	1
1550	Investments accounted for using equity method (note 6(g))	368,076	1	536,303	1	870,741	2	2580	Non-current lease liabilities (note 6(o))	1,907,614	4	981,436	2	1,048,405	2
1600	Property, plant and equipment (notes 6(i) and 8)	6,600,702	12	6,542,015	14	6,389,165	14	2630	Long-term deferred revenue (note 6(i))	1,103,373	2	1,499,072	3	2,307,878	5
1755	Right-of-use assets (note 6(j))	2,433,517	5	1,568,052	3	1,650,095	3	2600	Other non-current liabilities	715,903	1	704,445	2	531,281	1
1760	Investment property (note 6(k))	33,595	-	33,826	-	34,057	-		Total liabilities	<u>38,518,037</u>	<u>72</u>	<u>31,806,492</u>	<u>67</u>	<u>32,515,619</u>	<u>70</u>
1780	Intangible assets (note 6(l))	2,316,442	4	2,370,578	5	2,440,121	5	Equity attributable to owners of parent:							
1840	Deferred tax assets	654,017	1	658,289	1	812,546	2	3110	Ordinary shares (note 6(s))	4,515,183	9	4,508,983	10	4,486,983	10
1990	Other non-current assets (note 8)	288,367	1	366,256	1	374,898	1	3200	Capital surplus (note 6(s))	1,603,138	3	1,567,628	3	1,490,683	3
		<u>12,842,624</u>	<u>24</u>	<u>12,196,991</u>	<u>25</u>	<u>12,682,556</u>	<u>27</u>	3310	Legal reserve	1,769,946	3	1,578,473	3	1,578,473	3
								3320	Special reserve	1,046,360	2	1,058,941	2	1,058,941	2
								3350	Unappropriated retained earnings (note 6(s))	5,315,972	10	5,733,458	12	4,597,634	10
								3400	Other equity interest	(1,370,637)	(3)	(1,159,650)	(2)	(1,525,148)	(3)
								36XX	Non-controlling interests (note 6(h))	2,192,261	4	2,212,757	5	2,048,019	5
									Total equity	<u>15,072,223</u>	<u>28</u>	<u>15,500,590</u>	<u>33</u>	<u>13,735,585</u>	<u>30</u>
Total assets		<u>\$ 53,590,260</u>	<u>100</u>	<u>47,307,082</u>	<u>100</u>	<u>46,251,204</u>	<u>100</u>	Total liabilities and equity		<u>\$ 53,590,260</u>	<u>100</u>	<u>47,307,082</u>	<u>100</u>	<u>46,251,204</u>	<u>100</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 Comprehensive Income

For the three and six months ended June 30, 2021 and 2020

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

	For the three months ended				For the six months ended				
	June 30		June 30		June 30		June 30		
	2021	2020	2021	2020	2021	2020	2021	2020	
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(v) and 7)	\$ 16,448,009	100	16,251,419	100	33,607,396	100	29,775,520	100
5000	Operating costs (notes 6(f), (o), (q), (w) and 12)	14,257,244	87	14,409,919	89	29,268,641	87	26,408,879	89
	Gross profit from operation	<u>2,190,765</u>	<u>13</u>	<u>1,841,500</u>	<u>11</u>	<u>4,338,755</u>	<u>13</u>	<u>3,366,641</u>	<u>11</u>
	Operating expenses (notes 6(o), (q), (t), (w) and 12):								
6100	Selling expenses	376,836	2	361,970	2	777,450	2	642,363	2
6200	Administrative expenses	479,856	3	467,222	3	943,360	3	917,294	3
6300	Research and development expenses	676,759	4	617,476	4	1,368,424	4	1,218,206	4
6450	Reversal of expected credit loss (note 6(e))	(259)	-	(3,090)	-	(259)	-	(14,494)	-
	Total operating expenses	<u>1,533,192</u>	<u>9</u>	<u>1,443,578</u>	<u>9</u>	<u>3,088,975</u>	<u>9</u>	<u>2,763,369</u>	<u>9</u>
	Net operating income	<u>657,573</u>	<u>4</u>	<u>397,922</u>	<u>2</u>	<u>1,249,780</u>	<u>4</u>	<u>603,272</u>	<u>2</u>
	Non-operating income and expenses:								
7100	Interest income	37,382	-	51,571	-	64,751	-	88,908	-
7010	Other income (note 6(x))	2,358	-	3,191	-	5,159	-	6,857	-
7020	Other gains and losses (notes 6(g), (i) and (y))	164,542	1	226,011	2	234,298	-	326,774	1
7060	Shares of loss of associates accounted for using equity method (note 6(g))	(20,456)	-	(21,594)	-	(41,097)	-	(43,197)	-
7050	Finance costs (note 6(o))	(46,772)	-	(54,748)	-	(84,199)	-	(114,648)	-
	Total non-operating income and expenses	<u>137,054</u>	<u>1</u>	<u>204,431</u>	<u>2</u>	<u>178,912</u>	<u>-</u>	<u>264,694</u>	<u>1</u>
	Profit before tax	<u>794,627</u>	<u>5</u>	<u>602,353</u>	<u>4</u>	<u>1,428,692</u>	<u>4</u>	<u>867,966</u>	<u>3</u>
7950	Less: Income tax expenses (note 6(r))	167,299	1	131,983	1	300,040	1	190,341	1
	Profit	<u>627,328</u>	<u>4</u>	<u>470,370</u>	<u>3</u>	<u>1,128,652</u>	<u>3</u>	<u>677,625</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	(6,053)	-	(6,191)	-	23,273	-	(8,280)	-
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>(6,053)</u>	<u>-</u>	<u>(6,191)</u>	<u>-</u>	<u>23,273</u>	<u>-</u>	<u>(8,280)</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	(163,869)	(1)	(246,336)	(2)	(288,132)	(1)	(417,636)	(1)
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>(163,869)</u>	<u>(1)</u>	<u>(246,336)</u>	<u>(2)</u>	<u>(288,132)</u>	<u>(1)</u>	<u>(417,636)</u>	<u>(1)</u>
8300	Other comprehensive income after tax	<u>(169,922)</u>	<u>(1)</u>	<u>(252,527)</u>	<u>(2)</u>	<u>(264,859)</u>	<u>(1)</u>	<u>(425,916)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 457,406</u>	<u>3</u>	<u>217,843</u>	<u>1</u>	<u>863,793</u>	<u>2</u>	<u>251,709</u>	<u>1</u>
	Profit attributable to:								
8610	Owners of parent	\$ 611,072	4	503,095	3	1,116,279	3	778,908	2
8620	Non-controlling interests (note 6(h))	16,256	-	(32,725)	-	12,373	-	(101,283)	-
	Comprehensive income attributable to:	<u>\$ 627,328</u>	<u>4</u>	<u>470,370</u>	<u>3</u>	<u>1,128,652</u>	<u>3</u>	<u>677,625</u>	<u>2</u>
8710	Owners of parent	\$ 459,107	3	272,802	2	886,742	2	401,796	1
8720	Non-controlling interests (note 6(h))	(1,701)	-	(54,959)	(1)	(22,949)	-	(150,087)	-
	Earnings per share (note 6(u))	<u>\$ 457,406</u>	<u>3</u>	<u>217,843</u>	<u>1</u>	<u>863,793</u>	<u>2</u>	<u>251,709</u>	<u>1</u>
9710	Basic earnings per share (NT dollars)	<u>\$ 1.37</u>		<u>1.13</u>		<u>2.50</u>		<u>1.75</u>	
9810	Diluted earnings per share (NT dollars)	<u>\$ 1.36</u>		<u>1.13</u>		<u>2.48</u>		<u>1.74</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 Changes in Equity
For the six months ended June 30, 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	-	-	-	-	778,908	-	-	-	778,908	(101,283)	677,625
Other comprehensive income	-	-	-	-	-	(368,832)	(8,280)	-	(377,112)	(48,804)	(425,916)
Comprehensive income	-	-	-	-	778,908	(368,832)	(8,280)	-	401,796	(150,087)	251,709
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	208,003	-	(208,003)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	396,593	(396,593)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,076,876)	-	-	-	(1,076,876)	-	(1,076,876)
Changes in shares of investment accounted for using equity method	-	5,853	-	-	-	-	-	-	5,853	2,468	8,321
Amortization expense of restricted stock	-	-	-	-	-	-	-	48,791	48,791	-	48,791
Retirement of restricted stock	(625)	(5,991)	-	-	-	-	-	6,616	-	-	-
Issuance of restricted stock	1,800	7,776	-	-	-	-	-	(9,576)	-	-	-
Balance at June 30, 2020	\$ 4,486,983	1,490,683	1,578,473	1,058,941	4,597,634	(1,399,697)	(36,356)	(89,095)	11,687,566	2,048,019	13,735,585
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	-	-	-	-	1,116,279	-	-	-	1,116,279	12,373	1,128,652
Other comprehensive income	-	-	-	-	-	(252,810)	23,273	-	(229,537)	(35,322)	(264,859)
Comprehensive income	-	-	-	-	1,116,279	(252,810)	23,273	-	886,742	(22,949)	863,793
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	191,473	-	(191,473)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	(12,581)	12,581	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,354,873)	-	-	-	(1,354,873)	-	(1,354,873)
Changes in shares of investment accounted for using equity method	-	6,002	-	-	-	-	-	-	6,002	2,453	8,455
Amortization expense of restricted stock	-	-	-	-	-	-	-	54,258	54,258	-	54,258
Retirement of restricted stock	(1,200)	(4,384)	-	-	-	-	-	5,584	-	-	-
Issuance of restricted stock	7,400	33,892	-	-	-	-	-	(41,292)	-	-	-
Balance at June 30, 2021	\$ 4,515,183	1,603,138	1,769,946	1,046,360	5,315,972	(1,257,338)	(18,560)	(94,739)	12,879,962	2,192,261	15,072,223

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 six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,428,692	867,966
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and Amortization expense	999,646	1,134,804
Losses (gains) related to inventories	37,021	192,283
Reversal of expected credit losses	(259)	(14,494)
Interest expense	81,078	111,580
Interest income	(64,751)	(88,908)
Compensation cost of share-based payment	62,713	57,112
Impairment losses of associates accounted for using equity method	140,000	-
Shares of losses of associates accounted for using equity method	41,097	43,197
Losses on disposal of property, plant and equipment	19,835	6,329
Reversal of impairment losses of property, plant and equipment	(6,986)	-
Gains on disposal of right-of-use assets	(6,560)	(2)
Total adjustments to reconcile profit	<u>1,302,834</u>	<u>1,441,901</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	90,437	3,927
Financial assets measured at amortized cost	(7,858,588)	-
Notes and accounts receivable	373,120	7,246,116
Accounts receivable from related parties	(3,058)	69,074
Other receivables	262,302	(573,200)
Inventories	(1,015,031)	3,059,602
Other current assets	658,937	29,598
Other operating assets	57,737	(37)
Changes in operating assets	<u>(7,434,144)</u>	<u>9,835,080</u>
Financial liabilities at fair value through profit or loss	23,591	(60,881)
Notes and accounts payable	(4,445,333)	(11,187,721)
Salaries payable	(135,958)	(583,109)
Other payables	(758,290)	(777,536)
Refund liabilities	147,136	(118,728)
Other current liabilities	44,692	406,053
Other operating liabilities	(186,645)	(283,356)
Changes in operating liabilities	<u>(5,310,807)</u>	<u>(12,605,278)</u>
Total changes in operating assets and liabilities	<u>(12,744,951)</u>	<u>(2,770,198)</u>
Total adjustments	<u>(11,442,117)</u>	<u>(1,328,297)</u>
Cash outflow generated from operations	(10,013,425)	(460,331)
Interest received	64,751	88,908
Interest paid	(81,040)	(111,543)
Income taxes paid	(469,826)	(163,983)
Net cash flows used in operating activities	<u>(10,499,540)</u>	<u>(646,949)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(9,197)	(12,678)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,234	-
Acquisition of property, plant and equipment	(1,164,227)	(1,713,518)
Proceeds from disposal of property, plant and equipment	7,357	408,999
Decrease in refundable deposits	24,558	2,393
Acquisition of unamortized expense	(13,139)	(63,019)
Proceeds from disposal of unamortized expense	451	-
Net cash flows used in investing activities	<u>(1,147,963)</u>	<u>(1,377,823)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	9,428,682	6,585,658
Increase in long-term borrowings	665,913	44,144
Increase in guarantee deposits received	1,904	-
Payment of lease liabilities	(127,209)	(144,800)
Net cash flows from financing activities	<u>9,969,290</u>	<u>6,485,002</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(129,856)</u>	<u>(202,763)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,808,069)</u>	<u>4,257,467</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>\$ 5,127,284</u>	<u>10,957,977</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
As of June 30, 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

June 30, 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 six months ended June 30, 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 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 August 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
Notes to the Consolidated Financial Statements

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

(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 January 1, 2022, would not have a significant impact on its consolidated financial statements:

- 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”

(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:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	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 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(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
			June 30, 2021	December 31, 2020	June 30, 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)

(Continued)

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	Sale of computer peripherals and mobile device components	100.00 %	100.00 %	100.00 %	(note 1)
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.	Destiny Electronic Corp. (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	Tymphany Worldwide Enterprises Ltd. (TWEL)	Holding company	100.00 %	100.00 %	100.00 %	
TWEL	Tymphany Acoustic Technology (Huizhou) Co., Ltd (Tymphany Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	71.43 %	71.43 %	71.43 %	
Tymphany Huizhou	Tymphany 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 %	
Tymphany Huizhou	Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	Manufacturing, R&D, design and sales of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
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 %	
TYM Acoustic HK	Tymphany 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	Tymphany HK Ltd. (TYM HK)	Market development of various speaker accessories, speakers and their components, as well as customer service	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany 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	Tymphany 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 speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
Tymphany Dongguan	Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	Manufacturing, 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 June 30, 2021, and its financial statements for the six months ended June 30, 2021 have not been reviewed.

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

(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.

(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.

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

(a) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 7,308	7,750	7,700
Demand accounts and checking deposits	3,487,002	4,417,720	4,184,336
Time deposits	<u>1,632,974</u>	<u>2,509,883</u>	<u>6,765,941</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u><u>\$ 5,127,284</u></u>	<u><u>6,935,353</u></u>	<u><u>10,957,977</u></u>

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

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

(i) Details of financial instruments were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Mandatorily measured at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 109,952	67,252	37,295
Foreign exchange swap contracts	<u>113,369</u>	<u>246,506</u>	<u>145,794</u>
	<u><u>\$ 223,321</u></u>	<u><u>313,758</u></u>	<u><u>183,089</u></u>
Financial liabilities held-for-trading:			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (438,607)	(399,762)	(138,628)
Foreign exchange swap contracts	<u>(17,155)</u>	<u>(32,409)</u>	<u>(7,702)</u>
	<u><u>\$ (455,762)</u></u>	<u><u>(432,171)</u></u>	<u><u>(146,330)</u></u>

(Continued)

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

- (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 June 30, 2021, December 31 and June 30, 2020:

June 30, 2021			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy USD / sell TWD	USD 758,000	July 6, 2021~ January 27, 2022	26.890~28.076
Forward exchange contracts — buy USD / sell CNY	USD 64,000	July 8, 2021~ July 28, 2021	6.4675~6.5027
Forward exchange contracts — buy CNY/ sell USD	USD 139,500	July 7, 2021~ September 27, 2021	6.3985~6.5944
Forward exchange contracts — buy USD/ sell THB	USD 26,500	July 29, 2021	31.965~32.070
Forward exchange contracts — buy CNY/ sell EUR	EUR 2,000	July 29, 2021	7.7318~7.7347
Foreign exchange swap contracts — swap in TWD / swap out USD	USD 631,000	July 6, 2021~ January 19, 2022	27.535~28.546
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

(Continued)

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

June 30, 2020			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy USD / sell TWD	USD 738,000	July 1, 2020~ December 30, 2020	28.817~30.172
Forward exchange contracts — buy TWD / sell USD	USD 20,000	July 1, 2020~ July 2, 2020	29.990~29.991
Forward exchange contracts — buy CNY / sell USD	USD 122,500	July 7, 2020~ October 19, 2020	6.9000~7.1688
Foreign exchange swap contracts — swap in TWD / swap out USD	USD 596,000	July 3, 2020~ December 30, 2020	29.370~30.184
Foreign exchange swap contracts — swap in CNY/ swap out USD	USD 16,000	July 3, 2020	7.0860

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

(c) Financial assets at FVOCI

	June 30, 2021	December 31, 2020	June 30, 2020
Equity investments at FVOCI			
Stocks unlisted in domestic markets—WK Technology Fund IV Ltd.	\$ 53	1,263	1,263
Stocks unlisted in domestic markets— Changing Information Technology Inc.	6,902	6,002	2,801
Stocks unlisted in domestic markets— Syntronix Corp.	49	49	49
Equities unlisted in foreign markets—Grove Ventures L.P.	94,898	60,722	59,617
Equities unlisted in foreign markets—Grove Ventures II, L.P.	27,591	26,227	14,237
Stocks unlisted in foreign markets—WK Global Investment III Ltd.	18,415	27,409	32,966
Total	\$ 147,908	121,672	110,933

- (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 \$6,347 and \$5,454 in the six months ended June 30, 2021 and 2020, respectively.

(Continued)

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

- (iii) Grove Ventures II, L.P. executed capital increases, where in the Group had participated and invested the amounts of \$2,850 and \$7,224 in the six months ended June 30, 2021 and 2020, respectively.
- (iv) WK Technology Fund IV Ltd. refunded the amount of \$1,210 to the Group due to its capital reduction in March 2021.
- (v) WK Global Investment III Ltd. refunded the amount of \$5,024 to the Group due to its capital reduction in June 2021.
- (vi) The Group did not provide any of the aforementioned financial assets as collateral.

(d) Financial assets at amortized cost

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits	\$ <u>8,713,826</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.
- (ii) As of June 30, 2021 and December 31, 2020, the Group held time deposits maturing in July 2021 to March 2022 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)

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 875	5,618	10,687
Accounts receivable	13,246,627	13,615,378	12,016,277
Accounts receivable – related parties	201,247	198,189	111,397
Less: allowance for doubtful accounts	<u>(40,395)</u>	<u>(42,155)</u>	<u>(60,356)</u>
Total	<u>\$ 13,408,354</u>	<u>13,777,030</u>	<u>12,078,005</u>

- (i) The Group did not provide any of the aforementioned notes and accounts receivable (including related parties) as collateral.

(Continued)

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

- (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:

	June 30, 2021		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,939,378	0%~0.08%	10,388
0 to 30 days past due	432,899	0%~3%	12,597
31 to 60 days past due	45,346	0%~8.12%	3,683
61 to 90 days past due	4,395	0%~10%	417
91 to 180 days past due	13,266	0%~64.28%	8,527
181 to 360 days past due	12,781	0%~80%	4,757
More than 361 days past due	684	0%~100%	26
	\$ 13,448,749		40,395
	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

(Continued)

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

	June 30, 2020		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 11,332,865	0%~0.12%	12,907
0 to 30 days past due	743,755	0%~3%	22,102
31 to 60 days past due	26,855	0%~5%	1,186
61 to 90 days past due	8,832	0%~10%	521
91 to 180 days past due	122	0%~25%	29
181 to 360 days past due	750	0%~80%	428
More than 361 days past due	25,182	0%~100%	23,183
	\$ 12,138,361		60,356

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

	For the six months ended June 30	
	2021	2020
Balance on January 1, 2021 and 2020	\$ 42,155	75,725
Impairment losses reversed	(259)	(14,494)
Amounts written off	(374)	-
Effect of exchange rate changes	(1,127)	(875)
Balance on June 30, 2021 and 2020	\$ 40,395	60,356

- (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 June 30, 2021, December 31 and June 30, 2020, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

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

June 30, 2021						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 1,139,597	19,582	1,035,271	104,326	0.6%~0.811%	US\$ 56,940
EnTie Bank	118,483	-	-	118,483	-	-
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 1,258,080</u>	<u>19,582</u>	<u>1,035,271</u>	<u>222,809</u>		
December 31, 2020						
Purchaser	Amount Derecognized	Amount Advanced		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>		
June 30, 2020						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
Mega International Commercial Bank	\$ 100,288	-	90,260	10,028	1.05%	US\$ 3,750
HSBC Bank	1,713,082	773,426	851,132	861,950	0.969%~0.997%	US\$ 50,940
Bank of Taiwan	-	-	-	-	-	NT\$ 58,000
EnTie Bank	173,911	-	-	173,911	-	-
	<u>\$ 1,987,281</u>	<u>773,426</u>	<u>941,392</u>	<u>1,045,889</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.

(f) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 4,770,388	2,540,293	2,275,399
Semi-finished goods and work in process	1,960,348	1,805,774	1,585,632
Finished goods and merchandise	4,494,737	5,901,396	3,380,330
	<u>\$ 11,225,473</u>	<u>10,247,463</u>	<u>7,241,361</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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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:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gains (losses) on inventory valuation	\$ (15,274)	(68,079)	22,300	(162,890)
Losses on disposal of inventories	(5,493)	-	(5,493)	-
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(27,177)	(21,375)	(56,845)	(32,140)
Gains on physical inventories	<u>2,360</u>	<u>2,187</u>	<u>3,017</u>	<u>2,747</u>
	<u>\$ (45,584)</u>	<u>(87,267)</u>	<u>(37,021)</u>	<u>(192,283)</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:

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 368,076</u>	<u>536,303</u>	<u>870,741</u>

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Attributable to the Group:				
Loss	\$ (20,456)	(21,594)	(41,097)	(43,197)
Other comprehensive income (loss)	(3,462)	(9,845)	12,870	9,185
Comprehensive loss	<u>\$ (23,918)</u>	<u>(31,439)</u>	<u>(28,227)</u>	<u>(34,012)</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.
- (iii) As of June 30, 2021, the revenue of AIC did not turn out as expected due to intensive industrial competition, resulting in the impairment of the intangible assets and carrying amounts related to this equity investment after the Group's evaluation, the Group recognized impairment loss of \$140,000 under other gains and losses.

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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		
		June 30, 2021	December 31, 2020	June 30, 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 adjustments 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:

	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 14,045,851	13,510,184	11,769,888
Non-current assets	6,107,742	6,161,757	6,384,692
Current liabilities	(10,815,558)	(10,030,285)	(9,132,008)
Non-current liabilities	(1,664,172)	(1,896,051)	(1,853,622)
Net assets	<u>\$ 7,673,863</u>	<u>7,745,605</u>	<u>7,168,950</u>
Non-controlling interests	<u>\$ 2,192,261</u>	<u>2,212,757</u>	<u>2,048,019</u>

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Operating revenue	<u>\$ 4,870,533</u>	<u>5,735,067</u>	<u>10,069,447</u>	<u>10,764,360</u>
Profit (loss)	\$ 56,906	(114,552)	43,315	(354,535)
Other comprehensive loss	(62,774)	(77,621)	(123,545)	(170,209)
Comprehensive loss	<u>\$ (5,868)</u>	<u>(192,173)</u>	<u>(80,230)</u>	<u>(524,744)</u>
Profit (loss) attributable to non-controlling interests	<u>\$ 16,256</u>	<u>(32,725)</u>	<u>12,373</u>	<u>(101,283)</u>
Comprehensive loss attributable to non-controlling interests	<u>\$ (1,701)</u>	<u>(54,959)</u>	<u>(22,949)</u>	<u>(150,087)</u>

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

	For the six months ended	
	June 30	
	2021	2020
Cash flows used in operating activities	\$ (1,497,833)	(550,659)
Cash flows used in investing activities	(3,574,030)	(486,632)
Cash flows from financing activities	4,341,040	2,387,421
Effect of exchange rate changes	(49,738)	(111,105)
Net increase (decrease) in cash and cash equivalents	\$ (780,561)	1,239,025
Dividends paid to non-controlling interests	\$ -	-

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the six months ended June 30, 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	-	4,266	115,740	60,986	1,034,141	1,215,133
Disposals	-	(171,553)	(960,549)	(104,688)	(209)	(1,236,999)
Reclassifications	-	9,338	214,708	40,926	(457,289)	(192,317)
Effect of changes in exchange rate	(15,377)	(49,219)	(95,751)	(19,948)	(64,479)	(244,774)
Balance on June 30, 2021	\$ 304,692	3,855,484	6,419,758	1,138,467	2,372,916	14,091,317
Balance on January 1, 2020	\$ 134,701	4,014,529	7,508,088	2,089,856	1,111,056	14,858,230
Additions	281	11,091	121,191	44,192	708,558	885,313
Disposals	-	(3,987)	(944,598)	(702,110)	(3,477)	(1,654,172)
Reclassifications	187,451	12,090	248,521	51,341	(535,668)	(36,265)
Effect of changes in exchange rate	(117)	(110,074)	(207,435)	(47,365)	(38,439)	(403,430)
Balance on June 30, 2020	\$ 322,316	3,923,649	6,725,767	1,435,914	1,242,030	13,649,676
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	2,271,799	5,084,215	652,245	-	8,008,259
Depreciation	-	127,955	528,237	81,441	-	737,633
Impairment loss (reversal)	-	(7,403)	4,863	(4,446)	-	(6,986)
Disposals	-	(165,236)	(776,273)	(75,466)	-	(1,016,975)
Reclassifications	-	(169)	(122,989)	(10,462)	-	(133,620)
Effect of changes in exchange rate	-	(28,026)	(60,559)	(9,111)	-	(97,696)
Balance on June 30, 2021	\$ -	2,198,920	4,657,494	634,201	-	7,490,615
Balance on January 1, 2020	\$ -	2,035,962	4,894,405	564,123	-	7,494,490
Depreciation	-	124,083	585,426	144,603	-	854,112
Disposals	-	(1,921)	(809,813)	(54,661)	-	(866,395)
Effect of changes in exchange rate	-	(58,368)	(142,457)	(20,871)	-	(221,696)
Balance on June 30, 2020	\$ -	2,099,756	4,527,561	633,194	-	7,260,511

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

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Carrying amounts:						
Balance on January 1, 2021	\$ 320,069	1,790,853	2,061,395	508,946	1,860,752	6,542,015
Balance on June 30, 2021	\$ 304,692	1,656,564	1,762,264	504,266	2,372,916	6,600,702
Balance on January 1, 2020	\$ 134,701	1,978,567	2,613,683	1,525,733	1,111,056	7,363,740
Balance on June 30, 2020	\$ 322,316	1,823,893	2,198,206	802,720	1,242,030	6,389,165

- (i) The unamortized deferred revenue of equipment subsidy amounted to \$1,021,813, \$1,415,511 and \$2,226,213 as of June 30, 2021, December 31 and June 30, 2020, respectively.
- (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 six months ended June 30, 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:

	Land	Buildings	Vehicles	Other equipment	Total
Cost:					
Balance on January 1, 2021	\$ 406,195	1,773,581	30,703	5,349	2,215,828
Additions	-	74,134	3,788	-	77,922
Disposals	-	(261,402)	(16,138)	(3,243)	(280,783)
Lease modification	-	1,045,772	-	-	1,045,772
Effect of changes in exchange rates	(6,462)	(22,369)	(240)	-	(29,071)
Balance on June 30, 2021	\$ 399,733	2,609,716	18,113	2,106	3,029,668
Balance on January 1, 2020	\$ 402,455	1,718,180	17,685	3,431	2,141,751
Additions	-	20,249	9,366	2,922	32,537
Disposals	-	-	(906)	-	(906)
Effect of changes in exchange rates	(11,922)	(47,223)	(319)	(91)	(59,555)
Balance on June 30, 2020	\$ 390,533	1,691,206	25,826	6,262	2,113,827

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Depreciation:					
Balance on January 1, 2021	\$ 25,790	596,500	21,645	3,841	647,776
Depreciation	7,476	141,837	4,446	900	154,659
Disposals	-	(174,074)	(16,138)	(3,243)	(193,455)
Lease modification	-	(4,703)	-	-	(4,703)
Effect of changes in exchange rates	(1,079)	(6,930)	(117)	-	(8,126)
Balance on June 30, 2021	<u>\$ 32,187</u>	<u>552,630</u>	<u>9,836</u>	<u>1,498</u>	<u>596,151</u>
Balance on January 1, 2020	\$ 10,627	277,503	8,753	1,715	298,598
Depreciation	7,524	159,240	6,359	1,314	174,437
Disposals	-	-	(189)	-	(189)
Effect of changes in exchange rates	(439)	(8,580)	(66)	(29)	(9,114)
Balance on June 30, 2020	<u>\$ 17,712</u>	<u>428,163</u>	<u>14,857</u>	<u>3,000</u>	<u>463,732</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 June 30, 2021	<u>\$ 367,546</u>	<u>2,057,086</u>	<u>8,277</u>	<u>608</u>	<u>2,433,517</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 June 30, 2020	<u>\$ 372,821</u>	<u>1,263,043</u>	<u>10,969</u>	<u>3,262</u>	<u>1,650,095</u>

(k) Investment property

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Total</u>
Carrying amounts:			
Balance on January 1, 2021	<u>\$ 16,249</u>	<u>17,577</u>	<u>33,826</u>
Balance on June 30, 2021	<u>\$ 16,249</u>	<u>17,346</u>	<u>33,595</u>
Balance on January 1, 2020	<u>\$ 16,249</u>	<u>18,040</u>	<u>34,289</u>
Balance on June 30, 2020	<u>\$ 16,249</u>	<u>17,808</u>	<u>34,057</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 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.

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

(l) Intangible assets

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
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 June 30, 2021	\$ <u>2,021,903</u>	<u>181,440</u>	<u>105,838</u>	<u>7,261</u>	<u>2,316,442</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 June 30, 2020	\$ <u>2,033,236</u>	<u>253,319</u>	<u>147,769</u>	<u>5,797</u>	<u>2,440,121</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 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.

(m) Short-term borrowings

The details were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unsecured bank loans	\$ <u>10,333,741</u>	<u>905,059</u>	<u>7,677,784</u>
Unused credit lines	\$ <u>13,154,543</u>	<u>22,857,597</u>	<u>15,964,464</u>
Annual interest rates	<u>0.55%~1.20%</u>	<u>0.70%~0.95%</u>	<u>0.59%~2.33%</u>

(n) Long-term borrowings

June 30, 2021				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	1.37%~1.60%	2023	\$ 1,003,319
Secured bank loans	USD	0.99%	2023	418,053
Less: current portion				<u>(274,518)</u>
				<u>\$ 1,146,854</u>
Unused credit lines				<u>\$ 1,504,989</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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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>

June 30, 2020

	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	1.6%	2023	\$ <u>222,450</u>
Unused credit lines				<u>\$ 667,354</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.

(o) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follow:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current	\$ <u>235,438</u>	<u>271,483</u>	<u>272,701</u>
Non-current	\$ <u>1,907,614</u>	<u>981,436</u>	<u>1,048,405</u>

For the maturity analysis, please refer to note 6(z).

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>17,830</u>	<u>14,872</u>	<u>35,161</u>	<u>30,864</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>26,504</u>	<u>25,433</u>	<u>50,649</u>	<u>49,781</u>

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

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

	For the six months ended	
	June 30	
	2021	2020
Rental paid in operating activities	\$ (50,649)	(49,781)
Interest on lease liabilities paid in operating activities	(35,161)	(30,864)
Payment made on lease liabilities in financing activities	(127,209)	(144,800)
Total cash outflow for leases	\$ (213,019)	(225,445)

(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 equipment with lease terms of one to five years.

The Group also leases machineries and some of other equipment 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.

(p) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 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.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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- (iii) The Group recognized its pension costs and recorded them as operating costs and operating expenses.

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Defined benefit plans	\$ 106	273	211	546
Defined contribution plans	94,780	59,296	185,774	142,328
Total	<u>\$ 94,886</u>	<u>59,569</u>	<u>185,985</u>	<u>142,874</u>

- (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 June 30		For the six months ended June 30	
	2021	2020	2021	2020
Income tax expense	<u>\$ 167,299</u>	<u>131,983</u>	<u>300,040</u>	<u>190,341</u>

- (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.

- (s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 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 June 30, 2021, December 31 and June 30, 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 451,518, 450,898 and 448,698 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Reconciliation of shares outstanding were as follows:

	Ordinary shares	
	(in thousands of shares)	
	For the six months ended June 30	
	2021	2020
Balance on January 1	450,898	448,581
Issuance of restricted stock	740	180
Retirement of restricted stock	(120)	(63)
Balance on June 30	<u>451,518</u>	<u>448,698</u>

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30,	December 31,	June 30,
	2021	2020	2020
Additional paid-in capital	\$ 784,225	759,070	704,956
Employee stock options	259,401	259,401	259,401
Restricted employee stock options	173,893	169,540	152,658
Long-term investment	385,619	379,617	373,668
	<u>\$ 1,603,138</u>	<u>1,567,628</u>	<u>1,490,683</u>

(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.

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.

The appropriation of earnings for 2020 reached legal requirement through the electronic voting on May 25, 2021, and was resolved during the shareholders' meeting on July 13, 2021. 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.

(Continued)

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

(t) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the six months ended June 30, 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:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Employee stock options	\$ 4,213	4,120	8,455	8,321
Restricted stock	26,638	24,207	54,258	48,791
Total	<u>\$ 30,851</u>	<u>28,327</u>	<u>62,713</u>	<u>57,112</u>

(u) Earnings per share

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

(i) Basic earnings per share

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit attributable to owners of parent	\$ <u>611,072</u>	<u>503,095</u>	<u>1,116,279</u>	<u>778,908</u>
Weighted-average number of ordinary shares (thousand shares)	<u>447,175</u>	<u>445,728</u>	<u>447,102</u>	<u>445,568</u>
Basic earnings per share (NT dollars)	<u>\$ 1.37</u>	<u>1.13</u>	<u>2.50</u>	<u>1.75</u>

(ii) Diluted earnings per share

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit attributable to owners of parent	\$ <u>611,072</u>	<u>503,095</u>	<u>1,116,279</u>	<u>778,908</u>
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>449,661</u>	<u>447,031</u>	<u>450,117</u>	<u>447,937</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.36</u>	<u>1.13</u>	<u>2.48</u>	<u>1.74</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Weighted-average number of ordinary shares (diluted) (thousand shares)

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Weighted-average number of ordinary shares on June 30 (basic)	447,175	445,728	447,102	445,568
Estimated effect of employee stock bonuses	718	625	1,096	1,515
Effect of restricted stock	1,768	678	1,919	854
Weighted-average number of ordinary shares on June 30 (diluted)	<u>449,661</u>	<u>447,031</u>	<u>450,117</u>	<u>447,937</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 8,116,726	7,899,006	16,015,732
Service rendered	51,466	380,811	432,277
	<u>\$ 8,168,192</u>	<u>8,279,817</u>	<u>16,448,009</u>
	For the three months ended June 30, 2020		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 6,700,113	9,059,706	15,759,819
Service rendered	33,061	458,539	491,600
	<u>\$ 6,733,174</u>	<u>9,518,245</u>	<u>16,251,419</u>
	For the six months ended June 30, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 16,779,576	15,897,452	32,677,028
Service rendered	66,713	863,655	930,368
	<u>\$ 16,846,289</u>	<u>16,761,107</u>	<u>33,607,396</u>

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

	For the six months ended June 30, 2020			
	Computer Peripherals	Non-computer Peripherals	Total	
	\$			
Goods sold	12,070,886	16,732,134	28,803,020	
Service rendered	75,249	897,251	972,500	
	\$ 12,146,135	17,629,385	29,775,520	
	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Mainland China	\$ 7,980,803	7,750,634	16,635,810	13,791,720
Europe	3,515,241	3,245,896	7,321,700	6,705,589
America	3,421,306	4,219,918	7,110,720	7,444,587
Other	1,530,659	1,034,971	2,539,166	1,833,624
	\$ 16,448,009	16,251,419	33,607,396	29,775,520

(ii) Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020
Notes and accounts receivable (including related parties)	\$ 13,448,749	13,819,185	12,138,361
Less: allowance for doubtful accounts	(40,395)	(42,155)	(60,356)
	\$ 13,408,354	13,777,030	12,078,005
Contract liabilities (classified as other current liabilities)	\$ 278,372	226,063	138,617

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 six months ended June 30, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$197,679 and \$116,284, 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 and six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Employee remuneration	\$ 22,322	18,099	40,921	29,920
Directors' remuneration	11,161	9,049	20,460	14,960
	<u>\$ 33,483</u>	<u>27,148</u>	<u>61,381</u>	<u>44,880</u>

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 June 30		For the six months ended June 30	
	2021	2020	2021	2020
Rent income	\$ 2,059	2,010	4,276	5,362
Other	299	1,181	883	1,495
	<u>\$ 2,358</u>	<u>3,191</u>	<u>5,159</u>	<u>6,857</u>

(y) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Net gains (losses) on financial assets/liabilities measured at FVTPL	\$ (77,127)	42,934	(231,839)	39,304
Reversal of impairment losses of property, plant and equipment	-	-	6,986	-
Foreign currency exchange gains, net	328,552	107,709	580,802	200,916
Net losses on disposal of property, plant and equipment	(6,618)	(6,566)	(19,835)	(6,329)
Impairment losses of investments accounted for using equity method	(140,000)	-	(140,000)	-
Net gains on disposal of right-of-use assets	6,288	2	6,560	2
Government grants	40,714	44,384	48,014	51,257
Other	12,733	37,548	(16,390)	41,624
	<u>\$ 164,542</u>	<u>226,011</u>	<u>234,298</u>	<u>326,774</u>

(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
June 30, 2021						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 10,333,741	10,340,533	10,340,533	-	-	-
Notes and accounts payable	14,555,724	14,555,724	14,555,724	-	-	-
Other payables	3,644,220	3,644,220	3,644,220	-	-	-
Salaries payable	995,668	995,668	995,668	-	-	-
Lease liabilities	2,143,052	2,638,686	297,167	230,097	543,324	1,568,098
Refund liabilities	1,568,543	1,568,543	1,568,543	-	-	-
Long-term borrowings	1,421,372	1,454,871	291,967	771,658	391,246	-
Guarantee deposits	14,129	14,129	-	-	-	14,129
Derivative financial liabilities:	455,762	-	-	-	-	-
Outflow	-	8,850,943	8,850,943	-	-	-
Inflow	-	(8,395,181)	(8,395,181)	-	-	-
	<u>\$ 35,132,211</u>	<u>35,668,136</u>	<u>32,149,584</u>	<u>1,001,755</u>	<u>934,570</u>	<u>1,582,227</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>
June 30, 2020						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 7,677,784	7,686,763	7,686,763	-	-	-
Notes and accounts payable	12,557,168	12,557,168	12,557,168	-	-	-
Other payables	3,507,729	3,507,729	3,507,729	-	-	-
Salaries payable	938,943	938,943	938,943	-	-	-
Lease liabilities	1,321,106	1,651,399	316,412	288,524	449,803	596,660
Refund liabilities	1,433,547	1,433,547	1,433,547	-	-	-
Long-term borrowings	222,450	233,118	3,609	3,599	225,910	-
Guarantee deposits	11,556	11,556	-	-	-	11,556
Derivative financial liabilities:	146,330	-	-	-	-	-
Outflow	-	3,317,645	3,317,645	-	-	-
Inflow	-	(3,171,315)	(3,171,315)	-	-	-
	<u>\$ 27,816,613</u>	<u>28,166,553</u>	<u>26,590,501</u>	<u>292,123</u>	<u>675,713</u>	<u>608,216</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>June 30, 2021</u>			<u>December 31, 2020</u>			<u>June 30, 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	\$ 606,793	6.4601	16,911,324	702,844	6.5249	20,036,689	528,520	7.0795	15,675,917
USD:HKD	282,009	7.7638	7,859,583	334,958	7.7526	9,548,984	329,273	7.7504	9,766,233
USD:TWD	362,967	27.8700	10,115,880	383,595	28.5080	10,935,538	305,181	29.6600	9,051,657
EUR:CZK	9,413	25.3711	312,135	9,948	26.4220	348,783	5,227	26.8111	174,336
USD:CZK	6,335	21.3250	176,556	5,347	21.4820	152,421	4,626	23.8400	137,207
USD:THB	20,526	32.0350	572,062	18,653	30.0500	531,753	4,761	30.8900	141,215
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:CNY	\$ 525,324	6.4601	14,640,782	519,840	6.5249	14,819,609	412,891	7.0795	12,246,349
USD:HKD	236,623	7.7638	6,594,689	284,168	7.7526	8,101,051	274,679	7.7504	8,146,966
USD:TWD	499,771	27.8700	13,928,627	500,374	28.5080	14,299,486	375,986	29.6600	11,151,746
EUR:CZK	7,942	25.3711	263,357	6,624	26.4220	232,256	3,410	26.8111	113,734
USD:THB	10,914	32.0350	304,173	26,614	30.0500	758,706	5,618	30.8900	166,632

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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 June 30, 2021, December 31 and June 30, 2020, would have increased or decreased the net profit before tax by \$10,796 and \$156,057, 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 and six months ended June 30, 2021 and 2020, foreign exchange gain (including realized and unrealized portions) amounted to \$328,552, \$107,709, \$580,802 and \$200,916, 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 \$2,627 and \$3,930 for the six months ended June 30, 2021 and 2020, respectively. This is mainly due to borrowings, demand deposits and time deposits with variable interest rates.

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

(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:

	June 30, 2021				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	\$ <u>223,321</u>	-	-	223,321	223,321
Financial assets at FVOCI – non-current	\$ <u>147,908</u>	-	-	147,908	147,908
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 5,127,284				
Financial assets at amortized cost – current	8,713,826				
Notes and accounts receivable (including related parties)	13,408,354				
Other receivables	1,087,060				
Refundable deposits	<u>94,534</u>				
Total	\$ <u>28,431,058</u>				
Financial liabilities at FVTPL – current	\$ <u>455,762</u>	-	-	455,762	455,762
Financial liabilities measured at amortized cost:					
Borrowings	\$ 11,755,113				
Notes and accounts payable	14,555,724				
Other payables	3,644,220				
Salaries payable	995,668				
Lease liabilities	2,143,052				
Refund liabilities	1,568,543				
Guarantee deposits	<u>14,129</u>				
Total	\$ <u>34,676,449</u>				

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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		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>				
		June 30, 2020			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	\$ <u>183,089</u>	-	-	183,089	183,089
Financial assets at FVOCI – non-current	\$ <u>110,933</u>	-	-	110,933	110,933
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 10,957,977				
Notes and accounts receivable (including related parties)	12,078,005				
Other receivables	1,622,216				
Refundable deposits	<u>112,530</u>				
Total	\$ <u>24,770,728</u>				

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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		June 30, 2020			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL – current	\$ <u>146,330</u>	-	-	146,330	146,330
Financial liabilities measured at amortized cost :					
Borrowings	\$ 7,900,234				
Notes and accounts payable	12,557,168				
Other payables	3,507,729				
Salaries payable	938,943				
Lease liabilities	1,321,106				
Refund liabilities	1,433,547				
Guarantee deposits	<u>11,556</u>				
Total	\$ <u>27,670,283</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.

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 six months ended June 30, 2021 and 2020, there were no transfers between different Levels.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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4) Reconciliation of Level 3 fair values

	For the six months ended June 30, 2021			For the six months ended June 30, 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	(231,839)	-	(231,839)	39,304	-	39,304
Recognized in other comprehensive income	-	23,273	23,273	-	(8,280)	(8,280)
Acquisition /disposal	117,811	2,963	120,774	17,650	12,678	30,328
Balance on June 30	<u>\$ (232,441)</u>	<u>147,908</u>	<u>(84,533)</u>	<u>36,759</u>	<u>110,933</u>	<u>147,692</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.

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.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(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>June 30, 2021</u>
Short-term borrowings	\$ 905,059	9,428,682	-	10,333,741
Long-term borrowings	755,459	665,913	-	1,421,372
Lease liabilities	<u>1,252,919</u>	<u>(127,209)</u>	<u>1,017,342</u>	<u>2,143,052</u>
Total liabilities from financing activities	<u>\$ 2,913,437</u>	<u>9,967,386</u>	<u>1,017,342</u>	<u>13,898,165</u>
	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>June 30, 2020</u>
Short-term borrowings	\$ 1,092,126	6,585,658	-	7,677,784
Long-term borrowings	178,306	44,144	-	222,450
Lease liabilities	<u>1,474,353</u>	<u>(144,800)</u>	<u>(8,447)</u>	<u>1,321,106</u>
Total liabilities from financing activities	<u>\$ 2,744,785</u>	<u>6,485,002</u>	<u>(8,447)</u>	<u>9,221,340</u>

(ad) Supplementary information of cash flow

- (i) The Group acquired property, plant and equipment amounting to \$1,215,133 and \$885,313, respectively, and the payables on equipment increased \$50,906 and decreased \$828,205, respectively, generating cash outflow of \$1,164,227 and \$1,713,518 for the six months ended June 30, 2021 and 2020, respectively.
- (ii) For the six months ended June 30, 2021 and 2020, the Group's disposal of property, plant and equipment included the write-off of the unamortized deferred revenue of equipment subsidy amounting to \$192,832 and \$372,449, respectively.

(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

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(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:

	Sales				Notes and accounts receivable		
	For the three months ended June 30		For the six months ended June 30		June 30, 2021	December 31, 2020	June 30, 2020
	2021	2020	2021	2020			
Other related parties	\$ 252,296	114,483	482,287	148,988	201,247	198,189	111,397

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:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 39,732	18,534	82,505	81,279
Post-employment benefits	348	252	698	495
Share-based payments	18,968	12,081	33,305	25,634
	<u>\$ 59,048</u>	<u>30,867</u>	<u>116,508</u>	<u>107,408</u>

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at amortized cost – current	Guarantee letters issued by bank	\$ 4,314	-	-
Other current assets – restricted assets	Guarantee letters issued by bank	-	-	1,047
Other current assets – restricted assets	Accounts receivable factoring	-	-	12,771
Other non-current assets – restricted assets	Guarantee letters issued by bank	-	57,763	57,760
Property, plant and equipment	Loan collateral	\$ 788,457	-	-

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Guarantee letters	\$ <u>28,096</u>	<u>63,012</u>	<u>134,516</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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Sales of accounts receivable	\$ <u>1,691,431</u>	<u>1,232,245</u>	<u>1,680,105</u>
Long-term borrowings	\$ <u>3,065,700</u>	<u>3,135,880</u>	<u>444,900</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Property, plant and equipment	\$ <u>571,177</u>	<u>877,391</u>	<u>734,144</u>

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By item	For the three months ended June 30, 2021			For the three months ended June 30, 2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	915,380	879,353	1,794,733	1,059,902	876,591	1,936,493
Labor and health insurance	35,698	45,875	81,573	16,078	44,026	60,104
Pension	56,469	38,417	94,886	30,366	29,203	59,569
Others	22,663	52,531	75,194	48,082	36,580	84,662
Depreciation	361,348	70,870	432,218	434,430	56,819	491,249
Amortization	1,516	50,684	52,200	4,925	48,570	53,495

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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By function	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefits						
Salaries	1,827,378	1,820,196	3,647,574	1,812,961	1,630,895	3,443,856
Labor and health insurance	66,610	99,721	166,331	44,223	101,573	145,796
Pension	109,686	76,299	185,985	81,629	61,245	142,874
Others	54,819	91,152	145,971	100,319	86,439	186,758
Depreciation	745,364	146,928	892,292	930,766	97,783	1,028,549
Amortization	7,369	99,754	107,123	8,963	97,060	106,023

(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.	3,863,988	285,310	278,700	-	-	2.16 %	10,303,969	Y	N	Y
1	Tymphany Huizhou	TYM UK	The subsidiary of TYM Acoustic HK	1,668,783	6,942	6,748	6,748	-	0.12 %	4,450,088	N	N	N

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 Tymphany Huizhou's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Tymphany 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.

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

- (iii) Securities held as of June 30, 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	6,902	1.44	6,902	
	Formosoft International Inc.	-	"	11	-	0.41	-	
	Syntronix Corp.	-	"	7	49	0.02	49	
	Ricavision International Inc.	-	"	917	-	2.04	-	
	Grove Ventures, L.P.	-	"	-	94,898	2.73	94,898	
	Grove Ventures II, L.P.	-	"	-	27,591	3.31	27,591	
						<u>129,493</u>		
Primax Tech.	Shares:							
	Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-	
	WK Global Investment III Ltd.	-	"	181	18,415	1.32	18,415	
					<u>18,415</u>			

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 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 TWD300 million or 20% of the Company's issued capital: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None

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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 TWD100 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	(4,261,761)	(20) %	60 days	Price agreed by both side	The same as general selling	2,040,628	23%	note 1
"	PCH2	The subsidiary of Primax HK	Purchase	13,152,195	69 %	"	"	The same as general purchasing	(3,295,331)	(56)%	"
"	PKS1	"	Purchase	1,073,418	6 %	"	"	"	(857,403)	(15)%	"
"	PCQ1	"	Purchase	4,072,879	22 %	"	"	"	(1,457,908)	(25)%	"
"	Polaris	The subsidiary of Primax Tech.	Sale	(1,659,882)	(8) %	90 days	"	The same as general selling	196,545	2%	"
"	Primax Thailand	The subsidiary of Primax Singapore.	Purchase	585,338	3 %	60 days	"	The same as general purchasing	(201,214)	(3)%	"
Primax Singapore	The Company	Parent	Purchase	4,261,761	99 %	"	"	"	(2,040,628)	(99)%	"
PCH2	"	The parent of Primax Cayman	Sale	(13,152,195)	(89) %	"	"	The same as general selling	3,295,331	83%	"
PKS1	"	"	Sale	(1,073,418)	(100) %	"	"	"	857,403	100%	"
PCQ1	"	"	Sale	(4,072,879)	(79) %	"	"	"	1,457,908	78%	"
Primax Thailand	"	The parent of Primax Singapore.	Sale	(585,338)	(99) %	"	"	"	201,214	99%	"
Polaris	"	The parent of Primax Tech.	Purchase	1,659,882	100 %	90 days	"	The same as general purchasing	(196,545)	(100)%	"
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	Sale	(126,685)	(4) %	60 days	"	The same as general selling	99,609	9%	"
"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	(2,594,728)	(81) %	"	"	"	620,235	59%	"
"	TYM Acoustic Europe	"	Sale	(155,757)	(5) %	"	"	"	106,541	10%	"
Tymphony Dongguan	TYM HK	"	Purchase	169,720	5 %	"	"	The same as general purchasing	(82,995)	(5)%	"
"	"	"	Sale	(3,767,052)	(93) %	"	"	The same as general selling	229,635	55%	"
"	TYM Acoustic Europe	"	Sale	(136,727)	(3) %	"	"	"	70,449	17%	"
TYDC	TYM HK	"	Sale	(686,521)	(88) %	"	"	"	199,850	86%	"
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,200,421	82 %	90 days	"	The same as general purchasing	(426,365)	(76)%	"
"	Tymphony Huizhou	Parent	Purchase	126,685	9 %	60 days	"	"	(99,609)	(18)%	"
TYM Acoustic Europe	TYM Acoustic HK	"	Sale	(1,200,421)	(85) %	90 days	"	The same as general selling	426,365	88%	"
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	155,757	14 %	60 days	"	The same as general purchasing	(106,541)	(20)%	"
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	136,727	12 %	"	"	"	(70,449)	(13)%	"

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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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)	
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	2,594,728	34 %	60 days	Price agreed by both side	The same as general purchasing	(620,235)	(55)%	"
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	3,767,052	49 %	"	"	"	(229,635)	(20)%	"
"	"	"	Sale	(169,720)	(2) %	"	"	The same as general selling	82,995	3%	"
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	686,521	9 %	"	"	The same as general purchasing	(199,850)	(18)%	"
"	TYML	Subsidiary	Sale	(114,947)	(1) %	90 days	"	The same as general selling	-	-%	"
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	553,573	7 %	60 days	"	The same as general purchasing	(65,926)	(6)%	"
"	Specialty	Other related party	Sale	(482,287)	(6) %	"	"	The same as general selling	201,247	7%	"
TYML	TYM HK	Parent	Purchase	114,947	100 %	"	"	The same as general purchasing	-	-%	note 1
TYTH	"	The subsidiary of TYM Acoustic HK	Sale	(553,573)	(100) %	"	"	The same as general selling	65,926	100%	"

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

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 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	2,040,628 (note 5)	8.35	-	-	542,207	-
"	"	"	35,158 (note 5)	(note 4)	-	-	5,360	-
"	Polaris	Subsidiary of Primax Tech.	196,545 (note 5)	11.51	-	-	159,328	-
"	PCH2	The subsidiary of Primax HK.	124,782 (note 2) (note 5)	3.51	-	-	32,263	-
"	"	"	6,276 (note 5)	(note 3)	-	-	6,276	-
PCH2	The Company	The parent of Primax Cayman	3,295,331 (note 5)	4.84	-	-	170,519	-
"	Primax Thailand	The subsidiary of Primax Singapore	117,625 (note 5)	(note 3)	-	-	10,542	-
PKS1	The Company	The parent of Primax Cayman	857,403 (note 5)	1.94	-	-	155,827	-
PCQ1	"	"	1,457,908 (note 5)	3.82	-	-	579,738	-
Primax Thailand	"	The parent of Primax Singapore	201,214 (note 5)	6.29	-	-	196,166	-
Tymphony Huizhou	TYM HK	The subsidiary of TYM Acoustic HK	620,235 (note 5)	4.09	-	-	611,835	-
"	TYM Acoustic Europe	"	106,541 (note 5)	4.27	-	-	24,487	-

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

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		
Tymphony Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	229,635 (note 5)	3.73	-	-	225,853	-
"	"	"	7,785 (note 5)	(note 3)	-	-	7,785	-
TYDC	"	"	199,850 (note 5)	4.47	-	-	143,757	-
TYM Acoustic Europe	TYM Acoustic HK	Parent	426,365 (note 5)	6.71	-	-	284,600	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	82,995 (note 5)	2.32	-	-	53,074	-
"	"	"	3,723,006 (note 5)	(note 3)	-	-	373,941	-
"	Specialty	Other related party	201,247	4.83	-	-	38,314	-

Note 1: Amounts collected as of July 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 six months ended June 30, 2021 was \$244,093, 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).

(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	4,261,761	Price agreed by both sides	12.68 %
"	"	"	"	Accounts Receivable	2,040,628	60 days	3.81 %
"	"	"	"	Other Receivable	35,158	(Note 3)	0.07 %
"	"	PCH2	The subsidiary of Primax HK	Purchase	13,152,195	Price agreed by both sides	39.13 %
"	"	"	"	Accounts Payable	3,295,331	60 days	6.15 %
"	"	"	"	Accounts Receivable	124,782	"	0.23 %
"	"	"	"	Other Receivable	6,276	(Note 2)	0.01 %
"	"	PKS1	"	Purchase	1,073,418	Price agreed by both sides	3.19 %
"	"	"	"	Accounts Payable	857,403	60 days	1.60 %
"	"	PCQ1	"	Purchase	4,072,879	Price agreed by both sides	12.12 %
"	"	"	"	Accounts payable	1,457,908	60 days	2.72 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	1,659,882	Price agreed by both sides	4.94 %
"	"	"	"	Accounts Receivable	196,545	90 days	0.37 %

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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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 Thailand	The subsidiary of Primax Singapore	Purchase	585,338	Price agreed by both sides	1.74 %
"	"	"	"	Accounts Payable	201,214	60 days	0.38 %
1	PCH2	Tymphany Dongguan	The subsidiary of Tymphany Huizhou	Service Revenue	149,279	Price agreed by both sides	0.44 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Other Receivable	117,625	(Note 2)	0.22 %
2	Tymphany Huizhou	TYM Acoustic HK	Subsidiary	Sale	126,685	Price agreed by both sides	0.38 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	2,594,728	"	7.72 %
"	"	"	"	Accounts Receivable	620,235	60 days	1.16 %
"	"	TYM Acoustic Europe	"	Sale	155,757	Price agreed by both sides	0.46 %
"	"	"	"	Accounts Receivable	106,541	60 days	0.20 %
3	Tymphany Dongguan	TYM HK	"	Purchase	169,720	Price agreed by both sides	0.51 %
"	"	"	"	Sale	3,767,052	"	11.21 %
"	"	"	"	Accounts Receivable	229,635	60 days	0.43 %
"	"	"	"	Other Receivable	7,785	(Note 2)	0.01 %
"	"	TYM Acoustic Europe	"	Sale	136,727	Price agreed by both sides	0.41 %
4	TYDC	TYM HK	"	Sale	686,521	"	2.04 %
"	"	"	"	Accounts Receivable	199,850	60 days	0.37 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,200,421	Price agreed by both sides	3.57 %
"	"	"	"	Accounts Payable	426,365	90 days	0.80 %
6	TYM HK	Tymphany Dongguan	The subsidiary of Tymphany Huizhou	Other Receivable	3,723,006	(Note 2)	6.95 %
"	"	"	"	Accounts receivable	82,995	60 days	0.15 %
"	"	TYAT	The subsidiary of TYM HK	Service Expense	326,725	Price agreed by both sides	0.97 %
"	"	TYML	Subsidiary	Sale	114,947	"	0.34 %
"	"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	553,573	"	1.65 %

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

Note 2: The receivables arise 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.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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 June 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 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	6,559,950	229,523	222,868	
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	2,531,774	91,627	73,067	
"	Destiny BVI.	Virgin Island	Holding company	30,939	30,939	1,050	100.00	(2,799)	171	171	
"	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	16,777	183	183	
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	5,423,297	28,131	27,819	
"	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	12,609	566	566	
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	424,336	(184,994)	(184,994)	
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	904,150	619,150	30,100	100.00	586,942	(87,440)	(94,319)	
	Total			9,710,798	9,425,798			15,552,886	77,767	45,361	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	872,151	588,291	900	99.99	599,436	(87,178)	(87,178)	
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	6,644,106	229,922	229,922	
Primax Tech.	Polaris	USA	Sale and purchase of computer peripherals, mobile device components, and business devices	52,680	52,680	1,600	100.00	378,707	3,624	3,624	
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	5,515,345	65,427	28,523	
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	368,076	(85,000)	(41,097)	
Tymphony Hui Zhou	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	2,386,160	67,061	67,061	
TYM Acoustic HK	TYM HK	Hong Kong	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	1,311,744	(15,253)	(15,253)	
"	TYP	USA	Market development of and customer service for speakers and their components	15 (note 1)	15 (note 1)	0.50	100.00	16,557	1,148	1,148	
"	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	25,941	2,979	2,979	
"	TYM Acoustic Europe	Czech	Manufacturing, installation, and maintenance of various speaker accessories and their components	653,796	653,796	187,800	100.00	784,902	27,277	27,277	

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
TYM Acoustic HK	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	76,749	(40,969)	(40,969)	
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	583,614	455,877	6,000	99.99	505,028	(5,750)	(5,750)	
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	9,982	522	522	

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 June 30, 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	1,923,870	Indirect investment through Primax Cayman and Primax Tech.	1,566,806	-	-	1,531,109	274,229	100%	274,229	6,326,044	-
Destiny Beijing	R&D of computer peripherals and business devices	38,111	Indirect investment through Destiny BVI.	29,933	-	-	29,264	171	100%	171	(2,803)	-
PKS1	Production of computer peripheral products	842,399	Indirect investment through Primax Cayman	627,176	-	-	613,140	(690)	100%	(690)	797,050	-
PCQ1	Production of computer peripheral products	823,275	"	570,160	-	-	557,400	46,329	100%	46,329	1,558,282	-
Tymphony Huizhou	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	1,760,496	Indirect investment through Diamond	3,677,532	-	-	3,595,230	95,000	71.43%	67,860	3,973,490	-
Tymphony Dongguan	"	139,350	"	14,254	-	-	13,935	(12,296)	71.43%	(11,733)	523,860	-
TYDC	"	86,284	"	-	-	-	-	(51,891)	71.43%	(37,067)	112,397	-

Note 1: The above information on the exchange rate is as follows: HKD:TWD3.5897 ; USD:TWD 27.87; CNY:TWD 4.3142.

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.

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

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	6,751,866	7,903,240	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, Tymphany Huizhou, Tymphany 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 six months ended June 30, 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		24,751,062	5.48 %

(14) Segment information:

For the three months and six months ended June 30, 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 June 30, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 8,168,192	8,279,817	16,448,009
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 8,168,192</u>	<u>8,279,817</u>	<u>16,448,009</u>
Profit before tax from segments reported	<u>\$ 567,475</u>	<u>227,152</u>	<u>794,627</u>

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

	For the three months ended June 30, 2020		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 6,733,174	9,518,245	16,251,419
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 6,733,174</u>	<u>9,518,245</u>	<u>16,251,419</u>
Profit before tax from segments reported	<u>\$ 552,263</u>	<u>50,090</u>	<u>602,353</u>

	For the six months ended June 30, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 16,846,289	16,761,107	33,607,396
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 16,846,289</u>	<u>16,761,107</u>	<u>33,607,396</u>
Profit before tax from segments reported	<u>\$ 1,096,102</u>	<u>332,590</u>	<u>1,428,692</u>

	For the six months ended June 30, 2020		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 12,146,135	17,629,385	29,775,520
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 12,146,135</u>	<u>17,629,385</u>	<u>29,775,520</u>
Profit before tax from segments reported	<u>\$ 831,003</u>	<u>36,963</u>	<u>867,966</u>