

**TWINHEAD INTERNATIONAL CORP.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023**

**Address: 9F., No.550, Ruiguang Rd., Neihu Dist., Taipei City 114,
Taiwan (R.O.C.)**

Telephone: (02)5589-9999

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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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors
Twinhead International Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Twinhead International Corp. and its subsidiaries ("the Group") as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$67,271 thousand and \$79,732 thousand, constituting 5% and 7% of the consolidated total assets; and the total liabilities amounting to \$13,184 thousand and \$16,449 thousand, constituting 1% and 2% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively; as well as the total comprehensive income (loss) amounting to \$(6,398) thousand, \$(8,427) thousand, \$(13,629) thousand and \$(15,622) thousand, constituting (14)%, (21)%, (18)% and (27)% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2024 and 2023, respectively.



Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Huang, Po-Shu and Wu, Chung-Shun.

KPMG

Taipei, Taiwan (Republic of China)
August 9, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024, December 31 and June 30, 2023

(Expressed in Thousands of New Taiwan Dollar)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 412,881	29	364,910	28	259,614	21	2100	Short-term borrowings (notes 6(h) and 8)	\$ 547,000	39	552,000	42	561,560	46
1170	Accounts receivable, net (notes 6(b) and 6(o))	86,757	6	52,666	4	83,881	7	2130	Current contract liabilities (note 6(o))	19,500	1	20,050	1	15,791	1
1180	Accounts receivable—related parties, net (notes 6(b), 6(o) and 7)	70	-	165	-	171	-	2150	Notes payable	-	-	61	-	-	-
130x	Inventories (note 6(c))	296,390	21	259,697	20	304,390	25	2170	Accounts payable	146,498	10	100,236	8	144,876	12
1470	Prepayments and other current assets	11,141	1	11,655	1	8,774	1	2180	Accounts payable—related parties (note 7)	82	-	-	-	-	-
	Total current assets	<u>807,239</u>	<u>57</u>	<u>689,093</u>	<u>53</u>	<u>656,830</u>	<u>54</u>	2200	Other payables (note 6(p))	77,352	5	82,694	6	58,450	5
Non-current assets:								2216	Dividends payable (note 6(m))	2	-	-	-	2	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d))	49	-	53	-	634	-	2250	Provisions—current	10,725	1	10,416	1	8,506	1
1600	Property, plant and equipment (notes 6(e) and 8)	265,432	19	265,169	20	267,467	22	2280	Current lease liabilities (note 6(i))	20,192	1	19,852	2	10,094	1
1755	Right-of-use assets (note 6(f))	85,115	6	94,680	7	22,463	2	2300	Other current liabilities	20,815	2	13,859	1	11,209	1
1760	Investment property, net (notes 6(g), 6(j) and 8)	190,421	13	189,339	14	190,394	16		Total current liabilities	<u>842,166</u>	<u>59</u>	<u>799,168</u>	<u>61</u>	<u>810,488</u>	<u>67</u>
1840	Deferred income tax assets	37,418	3	37,174	3	43,525	4		Non-Current liabilities:						
1920	Refundable deposits	9,127	1	9,049	1	7,211	1		Provisions—non-current	6,589	-	6,831	1	7,032	1
1995	Other non-current assets	21,075	1	22,424	2	23,401	1		Non-current lease liabilities (note 6(i))	55,642	4	65,515	5	3,139	-
	Total non-current assets	<u>608,637</u>	<u>43</u>	<u>617,888</u>	<u>47</u>	<u>555,095</u>	<u>46</u>		Guarantee deposits received	6,846	1	6,672	-	6,651	-
									Other non-current liabilities	1,162	-	564	-	674	-
									Total non-current liabilities	<u>70,239</u>	<u>5</u>	<u>79,582</u>	<u>6</u>	<u>17,496</u>	<u>1</u>
									Total liabilities	<u>912,405</u>	<u>64</u>	<u>878,750</u>	<u>67</u>	<u>827,984</u>	<u>68</u>
									Equity attributable to owners of parent (note 6(m)):						
									Share capital:						
									Ordinary shares	309,991	22	309,991	24	247,993	20
									Preference shares	11	-	11	-	11	-
									Stock dividend to be distributed	92,998	7	-	-	61,998	5
										<u>403,000</u>	<u>29</u>	<u>310,002</u>	<u>24</u>	<u>310,002</u>	<u>25</u>
									Capital surplus	35	-	35	-	35	-
									Retained earnings:						
									Legal reserve	21,199	1	10,778	1	10,778	1
									Retained earnings	84,782	6	114,006	9	72,797	6
										<u>105,981</u>	<u>7</u>	<u>124,784</u>	<u>10</u>	<u>83,575</u>	<u>7</u>
									Other equity:						
									Exchange differences on translation of foreign financial statements	35,480	3	31,970	2	31,090	3
									Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(13,556)	(1)	(13,552)	(1)	(18,160)	(1)
										<u>21,924</u>	<u>2</u>	<u>18,418</u>	<u>1</u>	<u>12,930</u>	<u>2</u>
									Total equity attributable to owners of parent	<u>530,940</u>	<u>38</u>	<u>453,239</u>	<u>35</u>	<u>406,542</u>	<u>34</u>
								36xx	Non-controlling interests	<u>(27,469)</u>	<u>(2)</u>	<u>(25,008)</u>	<u>(2)</u>	<u>(22,601)</u>	<u>(2)</u>
									Total equity	<u>503,471</u>	<u>36</u>	<u>428,231</u>	<u>33</u>	<u>383,941</u>	<u>32</u>
									Total liabilities and equity	<u>\$ 1,415,876</u>	<u>100</u>	<u>\$ 1,306,981</u>	<u>100</u>	<u>\$ 1,211,925</u>	<u>100</u>
	Total assets	<u>\$ 1,415,876</u>	<u>100</u>	<u>1,306,981</u>	<u>100</u>	<u>1,211,925</u>	<u>100</u>								

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023

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

	For the three months ended June 30				For the six months ended June 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (notes 6(o) and 7)								
	\$	304,526	100	273,972	100	557,043	100	531,634	100
5000	Operating costs (notes 6(c), 6(i), 6(k) and 7)								
		184,156	60	173,914	63	349,873	63	343,450	65
5900	Gross profit								
		120,370	40	100,058	37	207,170	37	188,184	35
6000	Operating expenses (notes 6(b), (i), 6(k), 6(p) and 7):								
6100	Selling expenses	22,965	8	20,487	7	40,609	7	37,536	7
6200	Administrative expenses	38,521	13	35,306	13	74,837	13	68,858	13
6300	Research and development expenses	25,524	8	29,126	11	49,537	9	51,982	9
6450	Impairment loss determined in accordance with IFRS 9	-	-	(73)	-	-	-	(73)	-
	Total operating expenses	87,010	29	84,846	31	164,983	29	158,303	29
6900	Net operating income	33,360	11	15,212	6	42,187	8	29,881	6
7000	Non-operating income and expenses (notes 6(e), (i) and 6(q)):								
7100	Interest income	3,485	1	2,027	-	6,179	1	2,777	-
7010	Other income	7,469	2	7,225	3	14,568	2	14,450	3
7020	Other gains and losses	4,796	2	21,783	8	17,614	3	19,467	3
7050	Finance costs	(3,455)	(1)	(3,128)	(1)	(6,904)	(1)	(6,191)	(1)
	Total non-operating income and expenses	12,295	4	27,907	10	31,457	5	30,503	5
	Income from continuing operations before tax	45,655	15	43,119	16	73,644	13	60,384	11
7950	Less: Income tax expense (note 6(l))	474	-	-	-	474	-	-	-
	Net income	45,181	15	43,119	16	73,170	13	60,384	11
8300	Other comprehensive income (loss) (note 6(m)):								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(3)	-	(3)	-	(4)	-	(45)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(3)	-	(3)	-	(4)	-	(45)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(197)	-	(2,572)	(1)	2,076	-	(2,138)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	(197)	-	(2,572)	(1)	2,076	-	(2,138)	-
8300	Other comprehensive income (loss), net	(200)	-	(2,575)	(1)	2,072	-	(2,183)	-
	Total comprehensive income (loss)	\$ 44,981	15	40,544	15	75,242	13	58,201	11
	Net income (loss) attributable to:								
8610	Owners of parent	\$ 45,844	15	44,198	16	74,197	13	62,999	11
8620	Non-controlling interests	(663)	-	(1,079)	-	(1,027)	-	(2,615)	-
		\$ 45,181	15	43,119	16	73,170	13	60,384	11
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	\$ 46,021	15	42,111	15	77,703	14	61,141	11
8720	Non-controlling interests	(1,040)	-	(1,567)	-	(2,461)	(1)	(2,940)	-
		\$ 44,981	15	40,544	15	75,242	13	58,201	11
9750	Basic earnings per share (in New Taiwan dollar) (note 6(n))	\$ 1.48		1.43		2.39		2.03	
9850	Diluted earnings per share (in New Taiwan dollar) (note 6(n))	\$ 1.48		1.42		2.38		2.03	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent											Non-controlling interests	Total equity	
	Share capital				Retained earnings				Other equity					
	Ordinary shares	Preference shares	Stock dividend to be distributed	Total share capital	Capital surplus	Legal reserve	Retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity			Total equity attributable to owners of parent
Balance at January 1, 2023	\$ 247,993	11	-	248,004	35	2,818	79,758	82,576	32,903	(18,115)	14,788	345,403	(19,661)	325,742
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	-	-	-	7,960	(7,960)	-	-	-	-	-	-	-
Cash dividends of preference shares	-	-	-	-	-	-	(2)	(2)	-	-	-	(2)	-	(2)
Stock dividends of ordinary shares	-	-	61,998	61,998	-	-	(61,998)	(61,998)	-	-	-	-	-	-
Net income (loss)	-	-	-	-	-	-	62,999	62,999	-	-	-	62,999	(2,615)	60,384
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(1,813)	(45)	(1,858)	(1,858)	(325)	(2,183)
Total comprehensive income (loss)	-	-	-	-	-	-	62,999	62,999	(1,813)	(45)	(1,858)	61,141	(2,940)	58,201
Balance at June 30, 2023	<u>\$ 247,993</u>	<u>11</u>	<u>61,998</u>	<u>310,002</u>	<u>35</u>	<u>10,778</u>	<u>72,797</u>	<u>83,575</u>	<u>31,090</u>	<u>(18,160)</u>	<u>12,930</u>	<u>406,542</u>	<u>(22,601)</u>	<u>383,941</u>
Balance at January 1, 2024	\$ 309,991	11	-	310,002	35	10,778	114,006	124,784	31,970	(13,552)	18,418	453,239	(25,008)	428,231
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	-	-	-	10,421	(10,421)	-	-	-	-	-	-	-
Cash dividends of preference shares	-	-	-	-	-	-	(2)	(2)	-	-	-	(2)	-	(2)
Stock dividends of ordinary shares	-	-	92,998	92,998	-	-	(92,998)	(92,998)	-	-	-	-	-	-
Net income (loss)	-	-	-	-	-	-	74,197	74,197	-	-	-	74,197	(1,027)	73,170
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	3,510	(4)	3,506	3,506	(1,434)	2,072
Total comprehensive income (loss)	-	-	-	-	-	-	74,197	74,197	3,510	(4)	3,506	77,703	(2,461)	75,242
Balance at June 30, 2024	<u>\$ 309,991</u>	<u>11</u>	<u>92,998</u>	<u>403,000</u>	<u>35</u>	<u>21,199</u>	<u>84,782</u>	<u>105,981</u>	<u>35,480</u>	<u>(13,556)</u>	<u>21,924</u>	<u>530,940</u>	<u>(27,469)</u>	<u>503,471</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	For the six months ended June 30	
	2024	2023
Cash flows from (used in) operating activities:		
Net income before tax	\$ 73,644	60,384
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	15,512	14,094
Amortization	5,113	7,015
Impairment loss determined in accordance with IFRS 9	-	(73)
Interest expense	6,904	6,191
Interest income	(6,179)	(2,777)
Gain on disposal of non-current assets held for sales	-	(17,141)
Total adjustments to reconcile profit	<u>21,350</u>	<u>7,309</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Accounts receivable	(34,091)	6,028
Accounts receivable—related parties	95	603
Inventories	(36,693)	(48,935)
Prepayments and other current assets	1,463	961
Total changes in operating assets, net	<u>(69,226)</u>	<u>(41,343)</u>
Net changes in operating liabilities:		
Contract liabilities	(550)	5,219
Notes payable	(61)	(221)
Accounts payable	46,262	34,982
Accounts payable—related parties	82	-
Other payables	(5,297)	(13,024)
Provisions	67	(33)
Other current liabilities	6,970	(4,343)
Other non-current liabilities	598	77
Total changes in operating liabilities, net	<u>48,071</u>	<u>22,657</u>
Total changes in operating assets and liabilities, net	<u>(21,155)</u>	<u>(18,686)</u>
Total adjustments	<u>195</u>	<u>(11,377)</u>
Cash inflow generated from operating activities	73,839	49,007
Interest received	5,828	2,729
Interest paid	(5,995)	(5,964)
Income taxes paid	(1,083)	(347)
Net cash flows from operating activities	<u>72,589</u>	<u>45,425</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of non-current assets classified as held for sale	-	20,001
Acquisition of property, plant and equipment	(3,766)	(1,863)
Decrease in refundable deposits	-	5
Increase in other non-current assets	(3,764)	(7,133)
Net cash from (used in) investing activities	<u>(7,530)</u>	<u>11,010</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	205,000	40,000
Decrease in short-term borrowings	(210,000)	(57,440)
Payment of lease liabilities	(10,080)	(8,580)
Interest paid	(954)	(236)
Net cash flows used in financing activities	<u>(16,034)</u>	<u>(26,256)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,054)</u>	<u>(981)</u>
Net increase in cash and cash equivalents	47,971	29,198
Cash and cash equivalents at beginning of period	364,910	230,416
Cash and cash equivalents at end of period	<u>\$ 412,881</u>	<u>259,614</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2024 and 2023

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

(1) Company history

TWINHEAD INTERNATIONAL CORP. (the Company) was incorporated on February 27, 1984, as a company limited by shares under the laws of the Republic of China (ROC). The consolidated financial statements comprise the Company and its subsidiaries (the Group). The Group is mainly engaged in the design, manufacture, sale and development of computers, computer components, peripherals, software, ASIC chips and workstations, and operation of telecommunication-related business.

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

The consolidated financial statements were approved by the Board of Directors and issued on August 9, 2024.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. 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, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by 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 the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards – Volume 11

(4) Summary of material policies

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, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation 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.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2023.

The consolidated entities were as follows:

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership			Remarks
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Durabook Americas Inc. (Durabook)	The trading of computers and computer peripheral equipment	80.000 %	80.000 %	80.000 %	Note
The Company	Twinhead International (Asia) Pte Ltd. (Twinhead (Asia))	Investment holding	100.000 %	100.000 %	100.000 %	

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership			Remarks
			June 30, 2024	December 31, 2023	June 30, 2023	
Twinhead (Asia)	Twinhead Enterprises (BVI) Ltd.	Investment holding	100.000 %	100.000 %	100.000 %	Note
Twinhead (Asia)	Twinhead International (Kunshan) Co., Ltd. (Twinhead Kunshan)	Sales and production of PDAs, calculators and their parts, and computer keyboards	100.000 %	100.000 %	100.000 %	
Twinhead (Asia)	Kunshan Lun Teng System Co., Ltd. (Kunshan Lun Teng)	Import and export of computers, electronic components, and digital cameras, and technical consultant services	100.000 %	100.000 %	100.000 %	Note

Note: Because they are non-significant subsidiaries their, financial statements were not reviewed by independent auditors.

(c) Income taxes

Tax expense in the consolidated financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the period is best estimated by multiplying pretax income of the reporting period by the effective annual tax rate which was forecasted by the management. The outcome is then fully recognized as current tax expense.

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 the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(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, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2023. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Petty cash	\$ 381	381	300
Checking and demand deposits	170,180	143,853	140,157
Time deposits	<u>242,320</u>	<u>220,676</u>	<u>119,157</u>
Cash and cash equivalents per consolidated statements of cash flows	<u><u>\$ 412,881</u></u>	<u><u>364,910</u></u>	<u><u>259,614</u></u>

(b) Accounts receivables (including related parties)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable	\$ 86,757	52,666	83,881
Accounts receivable—related parties	<u>70</u>	<u>165</u>	<u>171</u>
	<u><u>\$ 86,827</u></u>	<u><u>52,831</u></u>	<u><u>84,052</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all accounts receivables (including related parties). To measure the expected credit losses, accounts receivable (including related parties) have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	<u>June 30, 2024</u>		
	<u>Gross carrying amount (Including related parties)</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 80,717	-	-
1 to 30 days past due	<u>6,110</u>	-	-
	<u><u>\$ 86,827</u></u>		<u><u>-</u></u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount (Including related parties)	Weighted- average loss rate	Loss allowance provision
Current	\$ 45,974	-	-
1 to 30 days past due	6,812	-	-
31 to 60 days past due	45	-	-
	\$ 52,831		-
		June 30, 2023	
	Gross carrying amount (Including related parties)	Weighted- average loss rate	Loss allowance provision
Current	\$ 83,017	-	-
1 to 30 days past due	942	-	-
Past due over 365 days	93	-	-
	\$ 84,052		-

The movement in the allowance for impairment with respect to notes and accounts receivable of the Group was as follows:

	For the six months ended June 30	
	2024	2023
Balance at beginning of the period	\$ -	73
Impairment loss reversed	-	(73)
Balance at end of the period	\$ -	-

The Group did not hold any collateral for the collectible amounts.

(c) Inventories

The components of the Group's inventories were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Merchandise	\$ 2,557	5,285	4,996
Finished goods	66,681	74,184	67,176
Work in progress	54,029	8,185	42,371
Raw materials and supplies	170,004	167,311	184,271
Goods in transit	3,119	4,732	5,576
	\$ 296,390	259,697	304,390

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of June 30, 2024, December 31 and June 30, 2023, the Group's inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other losses (gains) directly recorded under operating costs were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Loss (reversal of loss) on decline in market value of inventory	\$ <u>536</u>	<u>(66)</u>	<u>3,672</u>	<u>2,355</u>

(d) Non-current financial assets at fair value through other comprehensive income

	June 30, 2024	December 31, 2023	June 30, 2023
Equity investments at fair value through other comprehensive income:			
Unlisted stocks (domestic)	\$ -	-	581
Unlisted stocks (overseas)	<u>49</u>	<u>53</u>	<u>53</u>
Total	<u>\$ 49</u>	<u>53</u>	<u>634</u>

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

No strategic investments were disposed for the six months ended June 30, 2024 and 2023, and there were no transfers of any cumulative gain or loss related to these investments within equity.

(ii) For credit risk and market risk, please refer to note 6(r).

(iii) The Group did not provide the financial assets as collateral.

(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Other equipment	Total
Carrying value:					
January 1, 2024	\$ <u>105,080</u>	<u>152,635</u>	<u>4,071</u>	<u>3,383</u>	<u>265,169</u>
June 30, 2024	\$ <u>105,080</u>	<u>150,299</u>	<u>5,769</u>	<u>4,284</u>	<u>265,432</u>
January 1, 2023	\$ <u>107,832</u>	<u>156,614</u>	<u>4,078</u>	<u>4,169</u>	<u>272,693</u>
June 30, 2023	\$ <u>105,080</u>	<u>154,211</u>	<u>4,023</u>	<u>4,153</u>	<u>267,467</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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For the six months ended June 30, 2024 and 2023, except that the Linyuan land and Factory were reclassified to non-current assets held for sales in March 2023 and the transfer was subsequently completed, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on property, plant and equipment. For the information on depreciation expenses for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, please refer to note 12; for the information on pledged property, plant and equipment, please refer to note 8; for other related information, please refer to note 6(e) of the consolidated financial statements for the year ended December 31, 2023.

In May 2023, the Group disposed of the land and factory in Linyuan for a net price of \$20,001 thousand and recognized gains on disposal of \$17,141 thousand, which was recorded under other gains and losses.

(f) Right-of-use assets

The Group leases many assets including its land, buildings and transportation equipment. Information about leases, for which the Group is the lessee, is presented below:

	<u>Land</u>	<u>Building</u>	<u>Machinery</u>	<u>Total</u>
January 1, 2024	\$ <u>9,511</u>	<u>80,264</u>	<u>4,905</u>	<u>94,680</u>
June 30, 2024	\$ <u>9,852</u>	<u>71,227</u>	<u>4,036</u>	<u>85,115</u>
January 1, 2023	\$ <u>9,933</u>	<u>19,570</u>	<u>766</u>	<u>30,269</u>
June 30, 2023	\$ <u>9,580</u>	<u>12,381</u>	<u>502</u>	<u>22,463</u>

For the six months ended June 30, 2024 and 2023, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on right-of-use assets. For the information on depreciation expenses of right-of-use assets for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, please refer to note 12; for other related information, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2023.

(g) Investment property

For the six months ended June 30, 2024 and 2023, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on investment properties. For the information on depreciation expenses of investment property for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, please refer to note 12; for the information on pledged investment properties, please refer to note 8; for other related information, please refer to note 6(g) of the consolidated financial statements for the year ended December 31, 2023.

The fair value of the Group's investment properties does not significantly differ from the information disclosed in note 6(g) of the consolidated financial statements for the year ended December 31, 2023.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Short-term borrowings

The details of the Group's short-term borrowings were as follows:

June 30, 2024			
Currency	Interest rate (%)	Maturity year	Amount
Unsecured loans	TWD	2.25~2.26	2024~2025
Secured bank loans	TWD	2.03~2.26	2024
Total			\$ <u>547,000</u>

December 31, 2023			
Currency	Interest rate (%)	Maturity year	Amount
Unsecured loans	TWD	2.12~2.13	2024
Secured bank loans	TWD	2.13	2024
Total			\$ <u>552,000</u>

June 30, 2023			
Currency	Interest rate (%)	Maturity year	Amount
Unsecured loans	TWD	2.13~2.18	2023
Secured bank loans	TWD	2.13~2.16	2023~2024
Total			\$ <u>561,560</u>

As of June 30, 2024, December 31 and June 30, 2023, the unused credit facilities amounted to \$571,200 thousand, \$524,240 thousand and \$463,400 thousand, respectively.

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

(i) Lease liabilities

The Group's lease liabilities were as follow:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ <u>20,192</u>	\$ <u>19,852</u>	\$ <u>10,094</u>
Non-current	\$ <u>55,642</u>	\$ <u>65,515</u>	\$ <u>3,139</u>

For the maturity analysis, please refer to note 6(r) financial instruments.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest on lease liabilities	<u>\$ 464</u>	<u>107</u>	<u>954</u>	<u>236</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 267</u>	<u>179</u>	<u>566</u>	<u>320</u>

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

	For the six months ended June 30	
	2024	2023
Total cash outflow for leases	<u>\$ 11,600</u>	<u>9,136</u>

(i) Real estate leases

The Group leases land and buildings for its office space. The leases of its office space typically run for a period of 5 to 7 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases transportation equipments with lease terms of three years. The Group also leases office and dormitory with contract terms of 1 to 2 years. These leases are leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(g) for the information of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Less than one year	\$ 18,284	23,237	10,751
One to two years	14,104	14,041	4,180
Two to three years	<u>719</u>	<u>7,737</u>	<u>-</u>
Total undiscounted lease payments	<u>\$ 33,107</u>	<u>45,015</u>	<u>14,931</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(k) Employee benefits

The Group recognized pension costs of the defined contribution plans in profit or loss as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Operating costs	\$ 473	439	942	861
Operating expenses	<u>1,761</u>	<u>1,604</u>	<u>3,445</u>	<u>3,198</u>
	<u>\$ 2,234</u>	<u>2,043</u>	<u>4,387</u>	<u>4,059</u>

For other related information, please refer to note 6(l) to the consolidated financial statements for the year ended December 31, 2023.

(l) Income taxes

Income tax expense was best estimated by multiplying pretax gain for the interim reporting period by the effective annual tax rate which was forecasted by the management.

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Current income tax expense				
Current period	\$ 474	24	474	24
Adjustment for prior periods	<u>-</u>	<u>(24)</u>	<u>-</u>	<u>(24)</u>
Income tax expense from continuing operations	<u>\$ 474</u>	<u>-</u>	<u>474</u>	<u>-</u>

The ROC income tax authorities have examined the Company's income tax returns for all years through 2022.

(m) Capital and other equity

Except for the following disclosures, there were no significant changes in capital and other equity for the six months ended June 30, 2024 and 2023. For other related information, please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2023.

(i) Capital stock

In the shareholders' meeting of the Company held on June 14, 2024, the Company resolved to increase capital from the unappropriated retained earnings amounting to 92,998 thousand, with par value of \$10 per share, by issuing 9,300 thousand shares. This capital increase has been submitted to the competent authority to take effect. The record date of the aforementioned capital increase has been determined on September 6, 2024 by the Board of Directors.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(i) Retained earnings – Distribution of retained earnings

In accordance with the Articles of Incorporation, the Company's net earnings should first be used to pay taxes, and then to offset prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, unless the accumulated legal reserve has reached the Company's paid-in capital, and priority is given to the payment of unpaid dividends to preference shares. In addition, depending on the Company's operational needs and laws and regulations, a special reserve may be set aside. If there are any unappropriated earnings at the beginning of the period, the Board of Directors will prepare a distribution plan and submit it to the shareholders' meeting for approval. The aforementioned distribution by cash shall be authorized by a majority vote of the Board of Directors with at least two-thirds of the directors present, and shall be reported to the stockholder's meeting.

The distributable earnings can be distributed as dividends in consideration of the characteristics of the industrial growth, the Company's financial structure, and the investors' best interests, but at least 50% of the distributable earnings should be distributed to shareholders, except that the cumulative distributable earnings may not be distributed if the cumulative distributable earnings are less than 1% of the paid-in capital. Such distributions by cash, considering the capital surplus, retained earnings, future capital requirements, long-term financial planning, and maintenance of the dividend distribution level, shall be no more than 80% of the total stockholders' bonus, and the rest shall be distributed as stock dividends.

On June 14, 2024 and June 13, 2023, the shareholders' meeting resolved to distribute the 2023 earnings and the 2022 earnings, respectively. These earnings were appropriated as follows:

	2023		2022	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders:				
Stock	\$ 3.0	<u>92,998</u>	2.5	<u>61,998</u>
Dividends distributed to preference shareholders:				
Cash	\$ 2.0	<u>2</u>	2.0	<u>2</u>

The Company's accumulated undistributed dividends for preference shares amounted to \$3 thousand, \$2 thousand and \$1 thousand as of June 30, 2024, December 31 and June 30, 2023, respectively.

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other equities (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interests	Total
Balance at January 1, 2024	\$ 31,970	(13,552)	630	19,048
Foreign exchange differences arising from foreign operation	3,510	-	(1,434)	2,076
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(4)	-	(4)
Balance at June 30, 2024	<u>\$ 35,480</u>	<u>(13,556)</u>	<u>(804)</u>	<u>21,120</u>
Balance at January 1, 2023	\$ 32,903	(18,115)	548	15,336
Foreign exchange differences arising from foreign operation	(1,813)	-	(325)	(2,138)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(45)	-	(45)
Balance at June 30, 2023	<u>\$ 31,090</u>	<u>(18,160)</u>	<u>223</u>	<u>13,153</u>

(n) Earnings per share

The calculations of the Company's basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Net income of the Company	\$ 45,844	44,198	74,197	62,999
Dividends on non-redeemable preference shares	-	-	(1)	(1)
Net income attributable to ordinary shareholders of the Company	<u>\$ 45,844</u>	<u>44,198</u>	<u>74,196</u>	<u>62,998</u>
Weighted average number of ordinary shares outstanding	<u>30,999</u>	<u>30,999</u>	<u>30,999</u>	<u>30,999</u>
Basic earnings per share (in NTD)	<u>\$ 1.48</u>	<u>1.43</u>	<u>2.39</u>	<u>2.03</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Net income attributable to ordinary shareholders of the Company (basic)	\$ 45,844	44,198	74,196	62,998
Dividends on non-redeemable preference shares	-	-	1	1
Net income attributable to ordinary shareholders of the Company (diluted)	<u>\$ 45,844</u>	<u>44,198</u>	<u>74,197</u>	<u>62,999</u>
Weighted average number of ordinary shares outstanding (basic)	30,999	30,999	30,999	30,999
Effect of dilutive potential ordinary shares				
Effect of remuneration to employees	79	58	121	89
Effect of convertible preference shares	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>31,079</u>	<u>31,058</u>	<u>31,121</u>	<u>31,089</u>
Diluted earnings per share (in NTD)	<u>\$ 1.48</u>	<u>1.42</u>	<u>2.38</u>	<u>2.03</u>

(iii) The Company resolved at the general shareholders' meeting held on June 14, 2024, to issue stock dividends. As of the approval date of the financial statements, the Company has not yet set the record date of the capital increase. If such capital increase had occurred prior to the publication of the financial statements, the proforma retrospective adjustments to EPS would have been as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 1.14</u>	<u>1.10</u>	<u>1.84</u>	<u>1.56</u>
Diluted earnings per share	<u>\$ 1.14</u>	<u>1.10</u>	<u>1.84</u>	<u>1.56</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Primary geographical markets:				
America	\$ 82,438	67,603	143,067	141,907
Asia	54,876	129,858	103,749	196,035
Europe	164,960	75,396	307,516	190,210
Others	<u>2,252</u>	<u>1,115</u>	<u>2,711</u>	<u>3,482</u>
	<u>\$ 304,526</u>	<u>273,972</u>	<u>557,043</u>	<u>531,634</u>
Major products/services lines:				
Laptop	\$ 261,784	214,391	473,653	430,109
Mainboard	21,822	37,526	47,625	61,160
Sales of materials and others	<u>20,920</u>	<u>22,055</u>	<u>35,765</u>	<u>40,365</u>
	<u>\$ 304,526</u>	<u>273,972</u>	<u>557,043</u>	<u>531,634</u>

(ii) Contract Balance

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 86,757	52,666	83,881
Accounts receivable—related parties	<u>70</u>	<u>165</u>	<u>171</u>
Total	<u>\$ 86,827</u>	<u>52,831</u>	<u>84,052</u>
Contract liabilities	<u>\$ 19,500</u>	<u>20,050</u>	<u>15,791</u>

Please refer to the note 6(b) for the details on notes receivable, accounts receivables and allowance for impairment.

The contract liabilities are mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer.

The amount of revenue recognized for the three months and six months ended June 30, 2024 and 2023 that were included in the contract liabilities at the beginning of the period were \$1,266 thousand, \$4,377 thousand, \$18,374 thousand and \$9,523 thousand, respectively.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Remunerations to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute no less than 5% of the profit as employee remuneration and less than 4% 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 amount of remuneration of each director and of remuneration for employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of employee remuneration may include the employees of the Company's controlling or affiliated companies who meet certain conditions.

For the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, the estimated employee remuneration amounted to \$4,101 thousand, \$3,950 thousand, \$6,677 thousand and \$5,663 thousand, respectively, and the estimated directors' remuneration amounted to \$1,538 thousand, \$1,482 thousand, \$2,504 thousand and \$2,124 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles, and expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amount, the adjustments will be regarded as changes in accounting estimate and will be reflected in profit or loss in the following year.

For the years ended December 31, 2023 and 2022, the Company recognized its employees' compensation of \$9,816 thousand and \$7,155 thousand, respectively, and its directors' remuneration of \$3,681 thousand and \$2,683 thousand, respectively. There was no difference between the distribution and the recognized amounts. For relevant information, please refer to Market Observation Post System.

(q) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ <u>3,485</u>	<u>2,027</u>	<u>6,179</u>	<u>2,777</u>

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Rental income	\$ 6,972	6,898	13,868	13,851
Other income — Other	<u>497</u>	<u>327</u>	<u>700</u>	<u>599</u>
Total other income	<u>\$ 7,469</u>	<u>7,225</u>	<u>14,568</u>	<u>14,450</u>

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Gains on disposal of non-current assets held for sales	\$ -	17,141	-	17,141
Foreign exchange gains, net	5,485	5,325	18,985	3,696
Others	(689)	(683)	(1,371)	(1,370)
Other gains and losses, net	<u>\$ 4,796</u>	<u>21,783</u>	<u>17,614</u>	<u>19,467</u>

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest expense	<u>\$ 3,455</u>	<u>3,128</u>	<u>6,904</u>	<u>6,191</u>

(r) Financial instruments

Except as noted below, there were no significant changes in the Group's exposure to credit risk due to financial instruments. Please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2023.

(i) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractu al cash flows	Within a year	Contractual maturities		
				1-2 years	2-5 years	Over 5 years
June 30, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 547,000	548,733	548,733	-	-	-
Accounts payable (including related parties)	146,580	146,580	146,580	-	-	-
Other payables	77,352	77,352	77,352	-	-	-
Dividends payable	2	2	2	-	-	-
Lease liabilities	75,834	79,340	21,706	19,110	38,524	-
Guarantee deposits received	6,846	6,846	3,207	-	3,639	-
Preference shares (including preference shares dividends)	11	14	14	-	-	-
	<u>\$ 853,625</u>	<u>858,867</u>	<u>797,594</u>	<u>19,110</u>	<u>42,163</u>	<u>-</u>

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractu al cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 552,000	554,752	554,752	-	-	-
Notes payable	61	61	61	-	-	-
Accounts payable	100,236	100,236	100,236	-	-	-
Other payables	82,694	82,694	82,694	-	-	-
Lease liabilities	85,367	89,807	21,615	20,717	47,475	-
Guarantee deposits received	6,672	6,672	3,107	100	3,465	-
Preference shares (including preference shares dividends)	11	13	13	-	-	-
	<u>\$ 827,041</u>	<u>834,235</u>	<u>762,478</u>	<u>20,817</u>	<u>50,940</u>	<u>-</u>
June 30, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 561,560	563,233	563,233	-	-	-
Accounts payable	144,876	144,876	144,876	-	-	-
Other payables	58,450	58,450	58,450	-	-	-
Dividends payable	2	2	2	-	-	-
Lease liabilities	13,233	13,536	10,314	2,528	694	-
Guarantee deposits received	6,651	6,651	3,444	3,207	-	-
Preference shares (including preference shares dividends)	11	12	12	-	-	-
	<u>\$ 784,783</u>	<u>786,760</u>	<u>780,331</u>	<u>5,735</u>	<u>694</u>	<u>-</u>

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

(ii) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and financial liabilities exposed to significant currency risk were as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
June 30, 2024			
Financial assets:			
Monetary items:			
USD	\$ 23,479	32.45	761,894
Financial liabilities:			
Monetary items:			
USD	\$ 2,350	32.45	76,258

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
December 31, 2023			
Financial assets:			
Monetary items:			
USD	\$ 23,689	30.71	727,489
Financial liabilities:			
Monetary items:			
USD	\$ 1,574	30.71	48,338
June 30, 2023			
Financial assets:			
Monetary items:			
USD	\$ 20,305	31.14	632,298
Financial liabilities:			
Monetary items:			
USD	\$ 2,184	31.14	68,010

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivable, accounts payable and other payables that were denominated in foreign currencies. 1% appreciation (depreciation) of the TWD against the USD as of June 30, 2024 and 2023, with all other variable factors remaining constant, would have (decreased) increased the net income before tax for the six months ended June 30, 2024 and 2023 by \$6,856 thousand and \$5,643 thousand, respectively. The analysis was performed on the same basis for both periods with all other variable factors remaining constant.

3) Foreign exchange gain and loss on monetary item

Due to the numerous types of functional currency, the Group aggregately discloses its exchange gains and losses on monetary items. The Group's exchange gains, including realized and unrealized, were \$5,485 thousand, \$5,325 thousand, \$18,985 thousand and \$3,696 thousand for the three months and six months ended June 30, 2024 and 2023, respectively.

(iii) Interest rate risk analysis

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

The following sensitivity analysis is based on the risk exposure to interest rates of the derivative and non-derivative financial instruments on the reporting date. For floating-rate instruments, the sensitivity analysis assumes the liabilities with a floating rate as of the reporting date are outstanding for the whole year.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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If the interest rate had increased/decreased by 1%, the Group's net income before tax would have decreased/increased by \$1,523 thousand and \$2,212 thousand for the six months ended June 30, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to the Group's time deposits and borrowings at floating rate.

(iv) Fair value

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities were as follows, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

		June 30, 2024				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
	Unlisted stocks (overseas)	\$ <u>49</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>49</u>
		December 31, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
	Unlisted stocks (overseas)	\$ <u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>53</u>
		June 30, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
	Unlisted stocks (domestic)	\$ 581	-	-	581	581
	Unlisted stocks (overseas)	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>53</u>
	Total	\$ <u>634</u>	<u>-</u>	<u>-</u>	<u>634</u>	<u>634</u>

2) Valuation techniques for financial instruments measured at fair value – Non-derivative financial instruments

If there are quoted prices in active markets for financial instruments, the fair value of those prices may be based on the quoted market prices. The market prices announced by Securities Exchange and Over the Counter are the benchmarks used for the fair value of equity instruments and liability instruments traded in active markets.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the quoted prices from stock exchanges, brokers, underwriters, industry associations, pricing agencies or authorities are timely and frequently, and that the price fairly presents the market transaction, the financial instrument is regarded to have a quoted price in an active market. If the aforementioned conditions are not fulfilled, the market is regarded as inactive. Generally, large or significantly widen bid-ask spread, or significantly low trading volume are indications of an inactive market.

If the financial instrument held by the Group is an equity investment without an active market, its fair value will have to be derived using the market approach. The fair value can be estimated based on the valuation of the comparable company and the quoted price provided by third parties, as well as the equity value of the comparable company and its operating performances. Whereas the liquidity discount is a significant unobservable input in valuing equity investment, its potential changes will not cause material impact on financial figures, and therefore, its quantitative information need not be disclosed.

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2024	\$ 53
Total loss recognized:	
In other comprehensive income	(4)
Balance at June 30, 2024	\$ 49
Balance at January 1, 2023	\$ 679
Total loss recognized:	
In other comprehensive income	(45)
Balance at June 30, 2023	\$ 634

The aforementioned total loss was included in unrealized gains and losses from financial assets at fair value through other comprehensive income.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> · Multiplier of price-to-book ratio (As of June 30, 2024, December 31 and June 30, 2023 were 0.08, 0.08 and 0.08~1.00, respectively.) · Market illiquidity discount rate (As of June 30, 2024, December 31 and June 30, 2023 were 20%) 	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> · the multiplier were higher (lower) · the market illiquidity discount were lower (higher)

- 5) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions.

The Group's measurement of the fair value of financial instruments is reasonable, but the use of different evaluation models or parameters may result in different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Input</u>	<u>Assumptions</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount at 20%	5%	\$ 3	(3)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount at 20%	5%	\$ 3	(3)
June 30, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount at 20%	5%	\$ 40	(40)

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(s) Financial risk management

The objectives and policies of the Group's financial risk management are the same as these in note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(t) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those in the consolidated financial statements for the year ended December 31, 2023. There were no material changes in the Group's quantitative information from that disclosed in the consolidated financial statements for the year ended December 31, 2023. For further information, please refer to note 6(u) to the consolidated financial statements for the year ended December 31, 2023.

(u) Investing and financing activities not affecting cash flow

The Group's non-cash investing and financing activities for the six months ended June 30, 2023 consisted of the acquisition of right-of-use assets through leasing. There were no non-cash investing and financing activities for the six months ended June 30, 2024.

For the six months ended June 30, 2024 and 2023, the reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	<u>Non-cash changes</u> Effect of changes in exchange rate and others	June 30, 2024
Short-term borrowings	\$ 552,000	(5,000)	-	547,000
Lease liabilities	85,367	(10,080)	547	75,834
Guarantee deposits received	6,672	-	174	6,846
Total liabilities from financing activities	<u>\$ 644,039</u>	<u>(15,080)</u>	<u>721</u>	<u>629,680</u>

	January 1, 2023	Cash flows	<u>Non-cash changes</u> Acquisition right-of-use assets	Effect of changes in exchange rate	June 30, 2023
Short-term borrowings	\$ 579,000	(17,440)	-	-	561,560
Lease liabilities	20,878	(8,580)	897	38	13,233
Guarantee deposits received	6,731	-	-	(80)	6,651
Total liabilities from financing activities	<u>\$ 606,609</u>	<u>(26,020)</u>	<u>897</u>	<u>(42)</u>	<u>581,444</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Name and relationship with related party

In this consolidated financial report, the related party having transactions with the Group was listed as below:

<u>Name of related party</u>	<u>Relationship with the Group</u>
NCS Technologies, Inc. (NCS)	Other related party of the Group (The president of NCS is the director of the Company)

(b) Significant transactions with related party

(i) Operating revenue

The amounts of sales by the Group to related party were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties:				
NCS	\$ <u>97</u>	<u>264</u>	<u>374</u>	<u>479</u>

The sales price with related party was not significantly different from normal transactions, and the payment term was 30 days after sales.

(ii) Purchase

The amounts of purchase by the Group to related party were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties:				
NCS	\$ <u>80</u>	<u>-</u>	<u>80</u>	<u>-</u>

The purchase price with related party was not significantly different from normal transactions, and the payment term was 30 days after purchase.

(iii) Accounts receivable-related parties

The details of the Group's accounts receivable from related party were as follows:

<u>Account</u>	<u>Type of related parties</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable— related parties	Other related parties:			
	NCS	\$ <u>70</u>	<u>165</u>	<u>171</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(iv) Accounts payable — related parties

The details of the Group's accounts payable from related party were as follows:

<u>Account</u>	<u>Type of related parties</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts payable— related parties	Other related parties:			
	NCS	\$ <u>82</u>	<u>-</u>	<u>-</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 6,961	7,340	13,601	13,138
Post-employment benefits	54	54	108	108
	<u>\$ 7,015</u>	<u>7,394</u>	<u>13,709</u>	<u>13,246</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Property, plant and equipment	Short-term borrowings	\$ 253,957	256,134	258,312
Investment property	Short-term borrowings	139,255	139,957	140,659
		<u>\$ 393,212</u>	<u>396,091</u>	<u>398,971</u>

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

- (a) The employee benefit expenses, depreciation, depletion, and amortization, categorized by function, were as follows:

By nature	By function	Three months ended June 30, 2024			Three months ended June 30, 2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		8,745	45,348	54,093	7,964	40,817	48,781
Labor and health insurance		973	3,769	4,742	909	3,022	3,931
Pension		473	1,761	2,234	439	1,604	2,043
Remuneration of directors		-	2,303	2,303	-	2,244	2,244
Others		736	1,364	2,100	538	981	1,519
Depreciation (note)		1,272	5,883	7,155	1,224	5,131	6,355
Amortization		-	2,538	2,538	-	3,697	3,697

By nature	By function	Six months ended June 30, 2024			Six months ended June 30, 2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		18,302	89,434	107,736	16,682	81,700	98,382
Labor and health insurance		1,935	6,932	8,867	1,783	6,393	8,176
Pension		942	3,445	4,387	861	3,198	4,059
Remuneration of directors		-	4,034	4,034	-	3,631	3,631
Others		1,382	2,551	3,933	1,006	1,941	2,947
Depreciation (note)		2,537	11,604	14,141	2,465	10,260	12,725
Amortization		-	5,113	5,113	-	7,015	7,015

Note: Depreciation expenses for investment property recognized under other gains and losses amounted to \$689 thousand, \$682 thousand, \$1,371 thousand and \$1,369 thousand for the three months and six months ended June 30, 2024 and 2023, respectively.

- (b) Seasonality or cyclicity of interim operations

The business of the Group is neither seasonal nor cyclical.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2024:

- (i) Loans extended to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(in Thousands of New Taiwan Dollar / in thousands of sharers)

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
The Company	Il, Inc.	-	Non-current financial assets at fair value through profit or loss	400	-	2.125 %	-	
The Company	Trigem Computer Inc.	-	Non-current financial assets at fair value through profit or loss	-	-	0.006 %	-	
The Company	Ambicion Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1	49	0.691 %	49	
The Company	Adolite Inc.	-	Non-current financial assets at fair value through other comprehensive income	400	-	0.535 %	-	
The Company	Durabook Federal, Inc	-	Non-current financial assets at fair value through other comprehensive income	19	-	19.000 %	-	

- (iv) Accumulated holding amount of a single security in excess of NT\$300 million or 20% of the Company's issued share capital: None.
- (v) Acquisition of real estate in excess of NT\$300 million or 20% of the Company's issued share capital: None.
- (vi) Disposal of real estate in excess of NT\$300 million or 20% of the Company's issued share capital: None.
- (vii) Sales to and purchases from related parties in excess of \$100 million or 20% of the Company's issued share capital: None.
- (viii) Receivables from related parties in excess of NT\$100 million or 20% of the Company's issued share capital:

(in Thousands of New Taiwan Dollar)

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Notes 1 and 5)	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
					Amount	Action taken		
The Company	Twinhead Kunshan	Subsidiary	318,427 (Note 3)	-	318,427 (Note 3)	The receivable has been traced and recognized as long-term accounts receivable	-	-
The Company	Durabook	Subsidiary	184,297 (Note 4)	0.70	104,195 (Note 4)	The receivable has been traced and recognized as long-term accounts receivable	3,653	-

Note 1: Includes the amount recorded under long-term accounts receivables.

Note 2: Until August 9, 2024.

Note 3: It represents the net amount of accounts receivable of the Company derived from the purchase of supplies on behalf of Twinhead Kunshan and accounts payable derived from purchase of goods from Twinhead Kunshan in prior years. Twinhead Kunshan pays the Company with the rental income according to the capital plan.

Note 4: As of June 30, 2024, the Company's accounts receivable from Durabook were \$184,297 thousand. The overdue receivables of \$104,195 thousand were reclassified to long-term receivables.

Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

- (ix) Information regarding trading in derivative financial instruments: None.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(in Thousands of New Taiwan Dollar)

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount (Note 4)	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Durabook	1	Sales revenue	60,794	The transaction is not significantly different from normal transactions	10.91%
0	The Company	Kunshan Lun Teng	1	Sales revenue	6,057	The transaction is not significantly different from normal transactions	1.09 %
0	The Company	Durabook	1	Accounts receivable — related parties	80,102	The receivables can be offset with accounts payable from purchase or be O/A 60 days	5.66 %
0	The Company	Twinhead Kunshan	1	Long-term accounts receivable — related parties	75,757 (Note 3)	The receivables can be offset with accounts payable from purchase or be O/A over 180 days. The payment is arranged according to the capital plan.	5.35 %

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents sidestream transactions.

Note 3: It represents the net amount of accounts receivable of the Company derived from the purchase of supplies on behalf of Twinhead Kunshan and accounts payable derived from purchase of goods from Twinhead Kunshan in prior years after offsetting against the credit balance of the investment of Twinhead Kunshan, accounted for using the equity method.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

Note 5: For balance sheet items, over 1% of total consolidated assets, and for profit or loss item, over 1% of total consolidated revenues were selected for disclosure.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2024 (excluding information on investees in Mainland China):

(in Thousands of New Taiwan Dollar / in Thousands of shares)

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income (loss) of investee	Investment income (losses)	Remarks
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Book value			
The Company	Durabook	U.S.A.	The trading of computers and computer peripheral equipment	73,442	73,442	769	80.00 %	(11,892) (Note 3)	(5,133)	(4,106)	Subsidiary (Note 2)
The Company	Twinhead (Asia)	Singapore	Investment holding	539,919	539,919	5,872	100.00 %	- (Note 4)	2,182	2,182	Subsidiary (Note 2)
Twinhead (Asia)	Twinhead Enterprises (BVI) Ltd.	British Virgin Islands	Investment holding	1,388	1,388	50	100.00 %	1,181	(13)	(13)	Subsidiary (Note 2)

Note 1: The exchange rate as of June 30, 2024 : USD1=TWD32.45.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The Company's accounts receivable was offset against the credit balance of the investments of Durabook, accounted for using the equity method.

Note 4: Please refer to note 13(a)(x) Note 3.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(c) Information on investment in Mainland China:

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

(in Thousands of New Taiwan Dollar / in thousands of USD)

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2024	Investment flow during current period		Cumulative investment (amount) from Taiwan as of June 30, 2024	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses) (Note 2)	Book value as of June 30, 2024	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Twinhead International (Kunshan) Co., Ltd.	Sales and production of PDAs, calculators and their parts, and computer keyboards	405,625 (USD12,500)	(2)	405,625 (USD12,500)	-	-	405,625 (USD12,500)	5,348	100.00 %	5,348	(259,519)	-
Twinhead Huazhong Technology Limited Corp.	Installation and sales of laptop parts and accessories; sales and production of related software	129,800 (USD4,000)	(2)	64,900 (USD2,000)	-	-	64,900 (USD2,000)	-	- %	-	-	-
Kunshan Lun Teng System Co., Ltd	Import and export of computers, electronic components, and digital cameras, and technical consultant services	6,815 (USD210)	(2)	6,815 (USD210)	-	-	6,815 (USD210)	(2,148)	100.00 %	(2,148)	13,541	-

Note 1: The method of investment is divided into the following four categories:

- (1) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (2) Remittance from third-region companies to invest in Mainland China (Through Twinhead (Asia) Ptd Ltd. invest in Mainland china).
- (3) Through the establishment of third-region companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: The amount of investment income (loss) from Twinhead Kunshan Technology Co., Ltd. were recognized under the equity method based on the financial statements which were reviewed by the auditor of the Company. The amount of investment income (loss) from other investees were recognized under the equity method based on the financial statements which were not reviewed by the auditor of the Company.

Note 3: The exchange rate as of June 30, 2024 : USD1=TWD32.45.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of June 30, 2024 (Note 1)	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	519,525 (USD16,010)	519,525 (USD16,010)	- (Note 3)

Note 1: Including the amount of USD1,300 thousand wired to Twinhead Beijing Technology Co., Ltd.

Note 2: The exchange rate as of June 30, 2024: USD1=TWD32.45.

Note 3: In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau Ministry of Economic Affairs, on June 8, 2023. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from June 5, 2023 to June 4, 2026.

(iii) Significant transactions with investees in Mainland China:

Related information is provided in note 13(a)(x).

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(d) Major shareholders:

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Kaos Enterprise Co., Ltd.		4,966,643	16.02 %
Protegas Futuro Holdings, LLC		4,387,943	14.15 %
Outstanding Corporation		2,055,600	6.63 %
KANG EEL SHIUAN Co., Ltd.		1,739,158	5.61 %

(14) Segment information

The Group is mainly engaged in the design, manufacture and sale of computers, as well as related products. The management regularly reviews the Group's overall performance to evaluate the efficiency of each segment and allocate its resources accordingly. The Group is identified as a sole operating segment.