Stock Code:2364

TWINHEAD INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

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

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the consolidated financial statements of Twinhead International Corp. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the consolidated financial statements. Consequently, Twinhead International Corp. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Twinhead International Corp.

Chairman: Kao, Yu-Jen

Date: March 11, 2025

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Independent Auditors' Report

To the Board of Directors of Twinhead International Corp.:

Opinion

We have audited the consolidated financial statements of Twinhead International Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year end December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters to be communicated in our report.

Inventory measurement

Please refer to note 4(h), note 5, and note 6(c) of the consolidated financial statements for details on the information about inventory measurement.

Description of key audit matter:

The inventory of the Group includes inventory for production and repair. Since the technology in the computer industry changes rapidly, market demand may change in the meantime. Because of the market change and aging situation, the carrying value of inventories may exceed its net realized value. As the subsequent measurement of inventory depends on the evaluation of the management based on several evidence. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed are to understand management' s accounting policy of inventory measurement and determine whether if it is reasonable and is being implement. The procedures include reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether if the basis used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

Other Matter

Twinhead International Corp. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing the Group' s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2025

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit 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

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 490,294	33	364,910	28
1170	Accounts receivable, net (notes 6(b) and 6(p))	76,062	5	52,666	4
1180	Accounts receivable－related parties, net (notes 6(b), 6(p) and 7)	296	-	165	-
130x	Inventories (note 6(c))	298,818	20	259,697	20
1470	Prepayments and other current assets	16,001	1	11,655	1
	Total current assets	881,471	59	689,093	53
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d))	51	-	53	-
1600	Property, plant and equipment (notes 6(e) and 8)	264,644	18	265,169	20
1755	Right-of-use assets (note 6(f))	77,401	5	94,680	7
1760	Investment property, net (notes 6(g), 6(k) and 8)	189,121	13	189,339	14
1840	Deferred income tax assets (note 6(m))	35,825	2	37,174	3
1920	Refundable deposits	8,562	1	9,049	1
1995	Other non-current assets	25,710	2	22,424	2
	Total non-current assets	601,314	41	617,888	47
	Total assets	$ 1,482,785	100	1,306,981	100

	Liabilities and Equity	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(h) and 8)	$ 465,000	31	552,000	42
2130	Current contract liabilities (note 6(p))	71,355	5	20,050	1
2150	Notes payable	271	-	61	-
2170	Accounts payable	141,163	10	100,236	8
2200	Other payables (notes 6(l) and 6(q))	100,308	7	82,694	6
2250	Provisions－current (note 6(i))	11,255	1	10,416	1
2280	Current lease liabilities (note 6(j))	20,211	1	19,852	2
2300	Other current liabilities	17,688	1	13,859	1
	Total current liabilities	827,251	56	799,168	61
	Non-Current liabilities:				
2550	Provisions－non-current (note 6(i))	6,054	-	6,831	1
2580	Non-current lease liabilities (note 6(j))	48,242	3	65,515	5
2645	Guarantee deposits received	7,028	1	6,672	-
2670	Other non-current liabilities	1,348	-	564	-
	Total non-current liabilities	62,672	4	79,582	6
	Total liabilities	889,923	60	878,750	67
	Equity attributable to owners of parent (notes 6(d) and 6(n)):				
	Share capital:				
3110	Ordinary shares	402,989	27	309,991	24
3120	Preference shares	11	-	11	-
		403,000	27	310,002	24
3200	Capital surplus	35	-	35	-
	Retained earnings:				
3310	Legal reserve	21,199	2	10,778	1
3350	Retained earnings	166,340	11	114,006	9
		187,539	13	124,784	10
	Other equity:				
3410	Exchange differences on translation of foreign financial statements	35,567	2	31,970	2
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(4,585)	-	(13,552)	(1)
		30,982	2	18,418	1
	Total equity attributable to owners of parent	621,556	42	453,239	35
36xx	**Non-controlling interests**	(28,694)	(2)	(25,008)	(2)
	Total equity	592,862	40	428,231	33
	Total liabilities and equity	$ 1,482,785	100	1,306,981	100

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 years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues (notes 6(p) and 7)**	$ 1,249,517	100	1,080,619	100
5000	**Operating costs (notes 6(c), 6(e), 6(i), 6(j), 6(l) and 7)**	779,113	62	683,843	64
5900	**Gross profit**	470,404	38	396,776	36
6000	**Operating expenses (notes 6(b), 6(e), 6(f), 6(j), 6(k), 6(l), 6(q) and 7):**				
6100	Selling expenses	89,440	7	77,681	7
6200	Administrative expenses	156,056	13	143,454	13
6300	Research and development expenses	110,962	9	103,433	10
6450	Impairment loss determined in accordance with IFRS 9	-	-	19	-
	Total operating expenses	356,458	29	324,587	30
6900	**Net operating income**	113,946	9	72,189	6
7000	**Non-operating income and expenses (notes 6(e), 6(g), 6(j), 6(k) and 6(r)):**				
7100	Interest income	13,313	1	6,758	1
7010	Other income	32,142	2	33,517	3
7020	Other gains and losses	19,287	2	10,299	1
7050	Finance costs	(13,255)	(1)	(12,674)	(1)
	Total non-operating income and expenses	51,487	4	37,900	4
	Income from continuing operations before tax	165,433	13	110,089	10
7950	**Less: Income tax expense (note 6(m))**	2,661	-	6,702	1
	Net income	162,772	13	103,387	9
8300	**Other comprehensive income (loss) (note 6(n)):**				
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	(2)	-	(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	(2)	-	(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	1,863	-	(851)	-
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	1,863	-	(851)	-
8300	**Other comprehensive income (loss), net**	1,861	-	(896)	-
	Total comprehensive income (loss)	**$ 164,633**	**13**	**102,491**	**9**
	Net income (loss) attributable to:				
8610	Owners of parent	$ 164,724	13	108,816	10
8620	Non-controlling interests	(1,952)	-	(5,429)	(1)
		$ 162,772	**13**	**103,387**	**9**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 168,319	13	107,838	9
8720	Non-controlling interests	(3,686)	-	(5,347)	-
		$ 164,633	**13**	**102,491**	**9**
9750	**Basic earnings per share (in New Taiwan dollar) (note 6(o))**		**$ 4.09**		**2.70**
9850	**Diluted earnings per share (in New Taiwan dollar) (note 6(o))**		**$ 4.07**		**2.69**

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 years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent												
	Share capital				Retained earnings			Other equity					
	Ordinary shares	Preference shares	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	Non-controlling interests	Total equity
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)	-	-	-	-	-	108,816	108,816	-	-	-	108,816	(5,429)	103,387
Other comprehensive income (loss)	-	-	-	-	-	-	-	(933)	(45)	(978)	(978)	82	(896)
Total comprehensive income (loss)	-	-	-	-	-	108,816	108,816	(933)	(45)	(978)	107,838	(5,347)	102,491
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	(4,608)	(4,608)	-	4,608	4,608	-	-	-
Balance at December 31, 2023	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)	-	-	-	-	-	164,724	164,724	-	-	-	164,724	(1,952)	162,772
Other comprehensive income (loss)	-	-	-	-	-	-	-	3,597	(2)	3,595	3,595	(1,734)	1,861
Total comprehensive income (loss)	-	-	-	-	-	164,724	164,724	3,597	(2)	3,595	168,319	(3,686)	164,633
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	(8,969)	(8,969)	-	8,969	8,969	-	-	-
Balance at December 31, 2024	**$ 402,989**	**11**	**403,000**	**35**	**21,199**	**166,340**	**187,539**	**35,567**	**(4,585)**	**30,982**	**621,556**	**(28,694)**	**592,862**

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 years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	2024	2023
Cash flows from (used in) operating activities:		
Net income before tax	$ 165,433	110,089
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	31,027	31,189
Amortization	9,750	13,125
Impairment loss determined in accordance with IFRS 9	-	19
Interest expense	13,255	12,674
Interest income	(13,313)	(6,758)
Gains on disposal of property, plant and equipment	-	(66)
Gains on disposal of non-current assets held for sales	-	(17,141)
Total adjustments to reconcile profit	40,719	33,042
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Accounts receivable	(23,396)	37,222
Accounts receivable－related parties	(131)	536
Inventories	(39,121)	(4,242)
Prepayments and other current assets	(2,266)	(1,610)
Total changes in operating assets, net	(64,914)	31,906
Net changes in operating liabilities:		
Contract liabilities	51,305	9,478
Notes payable	210	(160)
Accounts payable	40,927	(9,658)
Other payables	17,831	11,115
Provisions	62	1,676
Other current liabilities	3,681	(1,707)
Other non-current liabilities	784	(33)
Total changes in operating liabilities, net	114,800	10,711
Total changes in operating assets and liabilities, net	49,886	42,617
Total adjustments	90,605	75,659
Cash inflow generated from operating activities	256,038	185,748
Interest received	12,303	6,358
Interest paid	(11,690)	(11,883)
Income taxes paid	(1,980)	(696)
Net cash flows from operating activities	254,671	179,527
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	581
Proceeds from disposal of non-current assets classified as held for sale	-	20,001
Acquisition of property, plant and equipment	(6,702)	(3,749)
Proceeds from disposal of property, plant and equipment	-	66
(Increase) decrease in refundable deposits	580	(1,850)
Increase in other non-current assets	(13,036)	(12,266)
Net cash from (used in) investing activities	(19,158)	2,783
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	613,000	120,000
Decrease in short-term borrowings	(700,000)	(147,000)
Increase in guarantee deposits received	176	-
Payment of lease liabilities	(20,135)	(20,139)
Cash dividends paid	(2)	(2)
Interest paid	(1,782)	(695)
Net cash flows used in financing activities	(108,743)	(47,836)
Effect of exchange rate changes on cash and cash equivalents	(1,386)	20
Net increase in cash and cash equivalents	125,384	134,494
Cash and cash equivalents at beginning of period	364,910	230,416
Cash and cash equivalents at end of period	**$ 490,294**	**364,910**

See accompanying notes to consolidated financial statements.

(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 March 11, 2025.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (altogether referred to IFRS Accounting Standards endorsed by the FSC) that 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 Accounting Standards 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”

(c) The impact of IFRS Accounting Standards 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"	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. ● 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

(Continued)

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
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(4) Summary of material policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for those otherwise specified in the notes to accounting policies.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollar, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup transactions and balances, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies to align with those used by the Group.

(ii) List of subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

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

(d) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) equity investment and FVTPL.

The Group shall reclassify all affected financial assets on the first day of the first reporting period only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables(including related parties) and guarantee deposit paid).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity upon approval by the Group's shareholders.

Preferred share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

The Group classifies preferred share capital with the characteristics of a financial liability issued before January 1, 2006, as equity in accordance with Rule No. 10000322083 issued by the FSC.

(Continued)

Compound financial instruments issued by the Group comprise convertible bonds that can be converted into ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, gains, or losses related to financial liabilities are recognized in profit or loss and recorded under non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The costs of finished goods and work in progress adopt the standard cost method. The difference between standard and actual costing is fully classified as operating cost and allocated to the ending balance of inventories.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

Property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land has an unlimited useful life and therefore is not depreciated.

(Continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings 4~62 years

2) Machinery 2~15 years

3) Other equipment 2~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets; or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for the leases of its low-value assets, including its office and dormitory. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, or for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently measured under the cost model, and depreciation expense is calculated using the depreciable amount. The depreciation method, useful life, and residual amount are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other cost.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred income tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

(n) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group is mainly engaged in the manufacture, sale and development of computers, computer components, and peripherals, and operation of telecommunication-related business. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Group recognizes an unconditional government grant related to the U.S. Paycheck Protection Program in profit or loss as non-operating income.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that (i) affects neither accounting nor taxable profits (losses) at the time of the transaction and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. In computing diluted earnings per share, profit or loss attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding during the period are adjusted for the effects of dilutive potential ordinary shares. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Dilutive potential ordinary shares comprise convertible preferred stock and estimated employee compensation. When computing diluted earnings per share, all potential share are considered outstanding shares for the current period; therefore both profit or loss attributable to ordinary shareholders and outstanding shares should be adjusted for the impact of potential shares.

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. It has been identified that the Group has only one reportable segment.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group’s risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

(Continued)

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Inventory measurement

Since inventories are measured at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(c) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2024	December 31, 2023
Petty cash	$	371	381
Checking and demand deposits		236,120	143,853
Time deposits		253,803	220,676
Cash and cash equivalents per consolidated statements of cash flows	**$**	**490,294**	**364,910**

The Group's exposure to interest rate risk and the sensitivity analysis for the financial instruments held by the Group are disclosed in note 6(s).

(b) Accounts receivables (including related parties)

		December 31, 2024	December 31, 2023
Accounts receivable	$	76,062	52,666
Accounts receivable－related parties		296	165
	$	**76,358**	**52,831**

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

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:

	December 31, 2024		
	Gross carrying amount (Including related parties)	Weighted-average loss rate	Loss allowance provision
Current	$ 60,922	-	-
1 to 30 days past due	15,436	-	-
	$ 76,358		-

	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		-

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

	2024	2023
Balance at beginning of the period	$ -	73
Impairment losses recognized	-	19
Amounts written off	-	(94)
Effect of changes in exchange rate	-	2
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:

	December 31, 2024	December 31, 2023
Merchandise	$ 3,144	5,285
Finished goods	49,954	23,173
Work in progress	58,802	59,196
Raw materials and supplies	180,176	167,311
Goods in transit	6,742	4,732
	$ 298,818	**259,697**

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

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

	2024	2023
Loss on decline in market value of inventory	**$ 18,661**	**7,106**

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

	December 31, 2024	December 31, 2023
Equity investments at fair value through other comprehensive income:		
Unlisted stocks (overseas)	**$ 51**	**53**

(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.

In addition, EUROC Venture Capital Corp. was dissolved on May 10, 2022, by a resolution of the shareholders' meeting, with the base date set on May 31, 2022, and as of December 21, 2023, the liquidation process was completed. The Group received liquidation proceeds amounting to $581 thousand, and transferred $4,608 thousand of the cumulative loss from other equity to retained earnings.

In addition, Adolite Inc. completed liquidation in the year 2024, the Group hence transferred $8,969 thousand of the cumulative loss from other equity to retained earnings.

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

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

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(e) Property, plant and equipment

The carrying value of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Other equipment	Total
Cost or deemed cost:					
Balance as of January 1, 2024	$ 115,673	427,970	183,131	66,627	793,401
Additions	-	902	2,344	3,456	6,702
Disposal	-	-	(2,714)	(4,878)	(7,592)
Effect of changes in exchange rates	-	-	202	575	777
Balance as of December 31, 2024	**$ 115,673**	**428,872**	**182,963**	**65,780**	**793,288**
Balance as of January 1, 2023	$ 118,425	430,842	183,342	115,429	848,038
Additions	-	743	851	2,155	3,749
Disposal	-	-	(996)	(50,867)	(51,863)
Reclassification	(2,752)	(3,615)	-	-	(6,367)
Effect of changes in exchange rates	-	-	(66)	(90)	(156)
Balance as of December 31, 2023	**$ 115,673**	**427,970**	**183,131**	**66,627**	**793,401**
Depreciation and impairment loss:					
Balance as of January 1, 2024	$ 10,593	275,335	179,060	63,244	528,232
Depreciation	-	4,705	966	1,619	7,290
Disposal	-	-	(2,714)	(4,878)	(7,592)
Effect of changes in exchange rates	-	-	182	532	714
Balance as of December 31, 2024	**$ 10,593**	**280,040**	**177,494**	**60,517**	**528,644**
Balance as of January 1, 2023	$ 10,593	274,228	179,264	111,260	575,345
Depreciation	-	4,614	851	2,935	8,400
Disposal	-	-	(996)	(50,867)	(51,863)
Reclassification	-	(3,507)	-	-	(3,507)
Effect of changes in exchange rates	-	-	(59)	(84)	(143)
Balance as of December 31, 2023	**$ 10,593**	**275,335**	**179,060**	**63,244**	**528,232**
Carrying value:					
December 31, 2024	**$ 105,080**	**148,832**	**5,469**	**5,263**	**264,644**
December 31, 2023	**$ 105,080**	**152,635**	**4,071**	**3,383**	**265,169**
January 1, 2023	**$ 107,832**	**156,614**	**4,078**	**4,169**	**272,693**

(i) Impairment loss and subsequent reversal

As of December 31, 2024 and 2023, the accumulated impairment loss on property amounted to $10,593 thousand. The above accumulated asset impairment was recognized based on the carrying value of the factory land at Da Fa Industrial exceeding its estimated recoverable amount. After assessment, no additional impairment loss should be recognized for the years ended December 31, 2024 and 2023.

(ii) Collateral

As of December 31, 2024 and 2023, the Group's property, plant and equipment were provided as pledged assets; please refer to note 8.

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(iii) Sales

The land and factory located in Linyuan were reclassified to non-current assets held for sales in March 2023 and was subsequently sold in May 2023 for a net price of $20,001 thousand. As the result, gains on disposal of $17,141 thousand were recognized and 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:

	Land	Building	Transportation equipment	Total
Cost:				
Balance at January 1, 2024	$ 10,795	91,884	7,583	110,262
Additions	-	-	2,901	2,901
Disposal	-	-	(2,641)	(2,641)
Effect of changes in exchange rates	562	969	-	1,531
Balance at December 31, 2024	**$ 11,357**	**92,853**	**7,843**	**112,053**
Balance at January 1, 2023	$ 10,978	82,172	2,641	95,791
Additions	-	79,694	4,942	84,636
Disposal	-	(69,914)	-	(69,914)
Effect of changes in exchange rates	(183)	(68)	-	(251)
Balance at December 31, 2023	**$ 10,795**	**91,884**	**7,583**	**110,262**
Depreciation:				
Balance at January 1, 2024	$ 1,284	11,620	2,678	15,582
Depreciation	264	18,688	2,030	20,982
Disposal	-	-	(2,641)	(2,641)
Effect of changes in exchange rates	74	655	-	729
Balance at December 31, 2024	**$ 1,622**	**30,963**	**2,067**	**34,652**
Balance at January 1, 2023	$ 1,045	62,602	1,875	65,522
Depreciation	260	18,990	803	20,053
Disposal	-	(69,914)	-	(69,914)
Effect of changes in exchange rates	(21)	(58)	-	(79)
Balance at December 31, 2023	**$ 1,284**	**11,620**	**2,678**	**15,582**
Carrying value:				
December 31, 2024	**$ 9,735**	**61,890**	**5,776**	**77,401**
December 31, 2023	**$ 9,511**	**80,264**	**4,905**	**94,680**
January 1, 2023	**$ 9,933**	**19,570**	**766**	**30,269**

(Continued)

(g) Investment property

	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2024	$ 95,830	172,828	268,658
Effect of changes in exchange rates	-	4,466	4,466
Balance at December 31, 2024	**$ 95,830**	**177,294**	**273,124**
Balance as at January 1, 2023	$ 95,830	174,282	270,112
Effect of changes in exchange rates	-	(1,454)	(1,454)
Balance at December 31, 2023	**$ 95,830**	**172,828**	**268,658**
Depreciation and impairment loss:			
Balance at January 1, 2024	$ -	79,319	79,319
Depreciation	-	2,755	2,755
Effect of changes in exchange rates	-	1,929	1,929
Balance at December 31, 2024	**$ -**	**84,003**	**84,003**
Balance at January 1, 2023	$ -	77,196	77,196
Depreciation	-	2,736	2,736
Effect of changes in exchange rates	-	(613)	(613)
Balance at December 31, 2023	**$ -**	**79,319**	**79,319**
Carrying value:			
Balance at December 31, 2024	**$ 95,830**	**93,291**	**189,121**
Balance at December 31, 2023	**$ 95,830**	**93,509**	**189,339**
Balance at January 1, 2023	**$ 95,830**	**97,086**	**192,916**
Fair value:			
Balance at December 31, 2024			**$ 623,984**
Balance at December 31, 2023			**$ 623,984**
Balance at January 1, 2023			**$ 589,920**

Investment property is commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1~3 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(k) for further information.

The fair value of investment property is based on a valuation by an independent appraiser who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The valuation is based on market price. The parameters used by the fair value valuation technique belong to the third hierarchy.

The investment properties of the Group are located at Kunshan City, Jiangsu Province, China and Xindian Dist., New Taipei City, Taiwan. The range of yields applied to the net annual rentals to determine the fair value of the property for which the current prices in an active market are unavailable was 1.04%~5.50% for the years ended December 31, 2024 and 2023.

As of December 31, 2024 and 2023, the Group's investment properties were provided as pledged assets; please refer to note 8 for additional information.

(Continued)

(h) Short-term borrowings

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

	December 31, 2024			
	Currency	Interest rate (%)	Maturity year	Amount
Unsecured loans	TWD	2.20~2.34	2025	$ 190,000
Secured bank loans	TWD	2.23~2.26	2025	275,000
Total				$ 465,000

	December 31, 2023			
	Currency	Interest rate (%)	Maturity year	Amount
Unsecured loans	TWD	2.12~2.13	2024	$ 90,000
Secured bank loans	TWD	2.13	2024	462,000
Total				$ 552,000

As of December 31, 2024 and 2023, the unused credit facilities amounted to $774,560 thousand and $524,240 thousand, respectively.

Please refer to note 6(s) for the Group's risk exposures relating to interest rate, currency, and liquidity risk.

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

(i) Provisions

	Decommissioning liabilities	Other	Total
Balance as of January 1, 2024	$ 3,729	13,518	17,247
Provisions made during the year	-	7,281	7,281
Provisions used during the year	-	(5,297)	(5,297)
Provisions reversed during the year	-	(1,959)	(1,959)
Effect of changes in exchange rates	-	37	37
Balance as of December 31, 2024	$ 3,729	13,580	17,309
Current	$ -	11,255	11,255
Non-current	3,729	2,325	6,054
	$ 3,729	13,580	17,309

	Decommissioning liabilities	Other	Total
Balance as of January 1, 2023	$ 3,729	11,842	15,571
Provisions made during the year	-	6,784	6,784
Provisions used during the year	-	(3,754)	(3,754)
Provisions reversed during the year	-	(1,357)	(1,357)
Effect of changes in exchange rates	-	3	3
Balance as of December 31, 2023	**$ 3,729**	**13,518**	**17,247**
Current	$ -	10,416	10,416
Non-current	3,729	3,102	6,831
	$ 3,729	**13,518**	**17,247**

(i) Decommissioning liabilities

The provision was the estimation for removing, moving and restoring the lease assets according to the lease contract, which were recognized as long-term liabilities. The future cost shall result in an uncertainty of provision due to the long-term lease of the office. Related costs are expected to occur after the lease term reaches its maturity.

(ii) Other provisions

Provisions were estimated based on the historical data on warranties on merchandise and services, which are mainly associated with the Group's business products. The Group expects to settle the majority of the liability over the next one to three years.

(j) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2024	December 31, 2023
Current	**$ 20,211**	**19,852**
Non-current	**$ 48,242**	**65,515**

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

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	**$ 1,782**	**695**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 1,529**	**1,044**

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

	2024	2023
Total cash outflow for leases	**$ 23,446**	**21,878**

(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 to five years.

The Group also leases office, office equipment 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.

(k) 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:

	December 31, 2024	December 31, 2023
Less than one year	$ 24,943	23,237
One to two years	18,549	14,041
Two to three years	9,809	7,737
Total undiscounted lease payments	**$ 53,301**	**45,015**

Rental income from investment properties was $24,298 thousand and $24,167 thousand for the years ended December 31, 2024 and 2023, respectively. The direct expenses from investment properties were $1,612 thousand and $1,427 thousand for the years ended December 31, 2024 and 2023, respectively.

(l) Employee benefits

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

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The employees of the Durabook Americas Inc. could choose a specific ratio (adjusted by the inflation rate) to contribute their own pensions under the definition of the pension plan. Durabook Americas Inc. contributes 50% of employees' contribution to the retirement fund and the contribution shall not exceed a specific ratio of the salary. Durabook Americas Inc. recognized the amount of the retirement fund that should be allocated according to the pension plan as current expense.

Except for the two subsidiaries of the Group, namely, Twinhead International (Asia) Pte. Ltd. and Twinhead Enterprises (BVI) Ltd., which are not eligible for the pension plan, the defined contribution plan of the other subsidiaries (Twinhead International (Kunshan) Co., Ltd. and Kunshan Lun Teng System Co., Ltd.) are based on the local regulations of their respective locations; and all the contributions made to such plans are recognized as current expenses.

The Group's pension costs under the defined contribution plan were $8,987 thousand and $8,239 thousand for the years ended December 31, 2024 and 2023, respectively.

(ii) Short-term employee benefit liabilities

		December 31, 2024	December 31, 2023
Compensated absence liabilities	**$**	**10,214**	**9,014**

(m) Income taxes

(i) Income tax expenses

The amount of the Group's income tax was as follows:

		2024	2023
Current income tax expense			
Current period	$	1,054	428
Adjustment for prior periods		-	(24)
		1,054	404
Deferred tax expense			
Origination and reversal of temporary differences		1,607	6,298
Income tax expense from continuing operations	**$**	**2,661**	**6,702**

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Reconciliations of the Group's income tax expenses and the income before tax were as follows:

	2024	2023
Income before tax	$ 165,433	110,089
Income tax using the Company's domestic tax rate	$ 33,087	22,018
Effect of tax rates in foreign jurisdiction	(164)	10,993
Adjustment under tax laws	(7,543)	(2,620)
Loss from equity investments under the equity method	238	2,471
Unrecognized deferred tax assets resulting from tax loss	-	8,752
Surtax on unappropriated earnings	-	388
Overestimate of deferred tax assets	611	538
Change in unrecognized deductible temporary differences	15,075	(30,991)
Withholding tax on dividends distributed by the subsidiary in Mainland China	449	-
Recognition of previously unrecognized tax losses	(39,698)	-
Others	606	(4,847)
Income tax expense	$ 2,661	6,702

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred income tax assets had not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Deductible temporary differences	$ 56,000	-
Carryforward of unused tax losses	1,409,657	1,579,793
	$ 1,465,657	1,579,793

Tax losses of a company can be carried forward to offset its future taxable income for a period of ten years in accordance with the Income Tax Act of the ROC. Based on the local tax credit regulations, losses incurred by foreign consolidated subsidiaries can be deducted from their income tax. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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As of December 31, 2024, the information of the Group's unutilized business losses for which no deferred tax assets were recognized is as follows:

a) Taiwan

Year of tax loss occurred	Amount	Year of expiration
2016	$ 230,139	2026
2017	71,323	2027
2019	25,418	2029
2020	679,502	2030
2023	75,380	2033
	$ 1,081,762	

b) United States (Federal tax)

Year of tax loss occurred	Amount	Year of expiration
2012	$ 10,103	2032
2013	17,348	2033
2014	7,172	2034
2015	47,110	2035
2016	48,901	2036
2018	38,281	2038
2019	56,165	2039
2020	40,958	2040
2021	20,921	2041
2022	11,814	2042
2023	21,055	2043
2024	8,067	2044
	$ 327,895	

2) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2024 and 2023 were as follows:

Deferred tax assets:

	Allowance for inventory valuation	Impairment loss	Loss carryforwards	Others	Total
Balance at January 1, 2024	$ 15,279	11,200	5,824	4,871	37,174
Recognized in profit or loss	1,660	(11,200)	7,597	336	(1,607)
Effect of change in exchange rate	198	-	-	60	258
Balance at December 31, 2024	**$ 17,137**	**-**	**13,421**	**5,267**	**35,825**

(Continued)

	Allowance for inventory valuation	Impairment loss	Loss carryforwards	Others	Total
Balance at January 1, 2023	$ 21,433	11,200	6,468	4,277	43,378
Recognized in profit or loss	(6,152)	-	(743)	597	(6,298)
Effect of change in exchange rate	(2)	-	99	(3)	94
Balance at December 31, 2023	**$ 15,279**	**11,200**	**5,824**	**4,871**	**37,174**

(iii) Income tax assessment

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

(n) Capital and other equity

As of December 31, 2024 and 2023, the total value of authorized ordinary shares amounted to $7,000,000 thousand, with par value of $10 per share, divided into 700,000 thousand shares. The number of authorized shares included ordinary shares and preference shares, of which 40,299 thousand and 30,999 thousand ordinary shares were issued, respectively. In addition, 1 thousand preference shares were issued. All issued capital was fully paid in. The preference shares were classified under equity.

For the years ended December 31, 2024 and 2023, the reconciliation of outstanding shares of the Company was as follows:

(Expressed in thousands of shares)

	Ordinary shares		Preference shares	
	2024	**2023**	**2024**	**2023**
Beginning balance on January 1	30,999	24,799	1	1
Issuance of stock dividends	9,300	6,200	-	-
Balance at December 31	**40,299**	**30,999**	**1**	**1**

(i) Capital stock

In the shareholders' meeting of the Company held respectively on June 14, 2024 and June 13, 2023, the Company resolved to increase capital from the unappropriated retained earnings amounting to 92,998 thousand and 61,998 thousand, respectively, with par value of $10 per share, by issuing 9,300 thousand shares and 6,200 thousand shares, respectively. The record date of the aforementioned capital increase has been determined on September 6, 2024 and October 22, 2023, respectively, by the Board of Directors.The related statutory registration procedures have been completed.

(Continued)

According to the Company's Articles of Incorporation, the rights and obligations of the 20% cumulative convertible preference shareholders are as follows:

1) Annual earnings, after making up accumulated deficits and appropriating legal reserve, are distributed, at 20% of par value, as dividends and bonus to the cumulative convertible preference shareholders.

2) Dividends and bonus are paid annually after being approved and declared in the annual ordinary shareholders' meeting. Dividends are calculated based on the prior year's days outstanding; however, upon conversion of their preference shares into ordinary shares, the cumulative convertible preference shareholders waive their rights to the current year's profit distribution.

3) Dividends and bonus in arrears must be made up in a later year before profits are distributed to ordinary shareholders. Upon conversion of preference shares into ordinary shares, dividends and bonus in arrears should be paid in full, and a cumulative convertible preference shareholders is precluded from sharing in the prior years' profit distribution with the ordinary shareholders. Except for the differences in dividend distribution, a 20% cumulative convertible preference shareholder shares the same rights or obligations as the ordinary stockholders.

4) One year after issuance, the cumulative convertible preference shareholders may, at their option, in June of every year, exchange their convertible preference shares for ordinary shares at a 1:1 ratio.

5) A cumulative convertible preference shareholder has a higher claim than the ordinary shareholders to the remaining assets in the event of the Company's liquidation, and is limited to the issuance amount of the cumulative convertible preference shares. Unless otherwise stipulated in the articles of incorporation, a cumulative preference shareholder has no other rights or obligations.

(ii) Capital surplus

The Company's capital surplus were as follows:

	December 31, 2024	**December 31, 2023**
Donation from shareholders	$ 35	35

(iii) Retained earnings

1) Legal reserve

The ROC Company Act stipulates that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or distributing cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed.

(Continued)

2) Special earnings reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) 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	**92,998**	2.5	**61,998**
Dividends distributed to preference shareholders:				
Cash	$ 2.0	**2**	2.0	**2**

(Continued)

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

On March 11, 2025, the Company's Board of Directors resolved to appropriate the 2024 earnings as follows:

	2024	
	Amount per share (NT dollars)	**Amount**
Dividends distributed to ordinary shareholders:		
Stock	$ 3.00	**120,897**
Dividends distributed to preference shareholders:		
Cash	$ 2.00	**2**

(iv) 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	3,597	-	(1,734)	1,863
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(2)	-	(2)
Disposal of equity investments at fair value through other comprehensive income	-	8,969	-	8,969
Balance at December 31, 2024	**$ 35,567**	**(4,585)**	**(1,104)**	**29,878**
Balance at January 1, 2023	$ 32,903	(18,115)	548	15,336
Foreign exchange differences arising from foreign operation	(933)	-	82	(851)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(45)	-	(45)
Disposal of equity investments at fair value through other comprehensive income	-	4,608	-	4,608
Balance at December 31, 2023	**$ 31,970**	**(13,552)**	**630**	**19,048**

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(o) 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

		2024	2023
Net income of the Company	$	164,724	108,816
Dividends on non-redeemable preference shares		(2)	(2)
Net income attributable to ordinary shareholders of the Company	$	**164,722**	**108,814**
Weighted average number of ordinary shares outstanding		**40,299**	**40,299**
Basic earnings per share (in TWD)	$	**4.09**	**2.70**

(ii) Diluted earnings per share

		2024	2023
Net income attributable to ordinary shareholders of the Company (basic)	$	164,722	108,814
Dividends on non-redeemable preference shares		2	2
Net income attributable to ordinary shareholders of the Company (diluted)	$	**164,724**	**108,816**
Weighted average number of ordinary shares outstanding (basic)		40,299	40,299
Effect of dilutive potential ordinary shares			
Effect of remuneration to employees		204	101
Effect of convertible preference shares		1	1
Weighted average number of ordinary shares outstanding (diluted)		**40,504**	**40,401**
Diluted earnings per share (in TWD)	$	**4.07**	**2.69**

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

		2024	2023
Primary geographical markets:			
Europe	$	599,490	416,050
America		337,471	283,402
Asia		307,599	359,947
Others		4,957	21,220
	$	**1,249,517**	**1,080,619**

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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	2024	2023
Major products/services lines:		
Laptop	$ 1,059,572	901,976
Mainboard and accessories	101,554	98,957
Sales of materials and others	88,391	79,686
	$ 1,249,517	**1,080,619**

(ii) Contract Balance

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable	$ 76,062	52,666	89,909
Accounts receivable－related parties	296	165	774
Less: allowance for impairment	-	-	73
Total	**$ 76,358**	**52,831**	**90,610**
Contract liabilities	**$ 71,355**	**20,050**	**10,572**

Please refer to the note 6(b) for the details on 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 years ended December 31, 2024 and 2023 that were included in the contract liabilities at the beginning of the period were $18,903 thousand and $9,524 thousand, respectively.

(q) 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.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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For the years ended December 31, 2024 and 2023, the estimated employee remuneration amounted to $14,807 thousand and $9,816 thousand, respectively, and the estimated directors' remuneration amounted $5,553 thousand and $3,681 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, the related information would be available at the Market Observation Post System Website. If there are any subsequent adjustments to the actual remuneration amount, the adjustments will be regarded as changes in accounting estimate and will be recognized in profit or loss in the following year. The amounts, as stated in the consolidated financial statements, were identical to those of the actual distributions for 2024 and 2023.

(r) Non-operating income and expenses

(i) Interest income

	2024	2023
Interest income from bank deposits	**$ 13,313**	**6,758**

(ii) Other income

	2024	2023
Rental income	$ 27,884	27,669
Other income－Other	4,258	5,848
Total other income	**$ 32,142**	**33,517**

(iii) Other gains and losses

	2024	2023
Gains on disposal of property, plant and equipment	$ -	66
Gains on disposal of non-current assets held for sales	-	17,141
Foreign exchange gains (losses), net	22,042	(3,208)
Others	(2,755)	(3,700)
Other gains and losses, net	**$ 19,287**	**10,299**

(iv) Finance costs

	2024	2023
Interest expense	**$ 13,255**	**12,674**

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Group's financial assets is equal to their carrying amount.

2) Concentration of credit risk

As of December 31, 2024 and 2023, 27% and 21%, respectively, of the accounts receivable were from the sales to one customer. In addition, for the years ended December 31, 2024 and 2023, 75% and 72%, respectively, of the sales of the Group were concentrated in the Europe and Americas, and Europe and Asia, respectively.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	$ 465,000	467,208	467,208	-	-	-
Notes payable	271	271	271	-	-	-
Accounts payable	141,163	141,163	141,163	-	-	-
Other payables	100,308	100,308	100,308	-	-	-
Lease liabilities	68,453	71,280	21,512	18,286	31,482	-
Guarantee deposits received	7,028	7,028	100	3,645	3,283	-
Preference shares (including preference shares dividends)	11	13	13	-	-	-
	$ 782,234	**787,271**	**730,575**	**21,931**	**34,765**	**-**
December 31, 2023						
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	-	-	-
	$ 827,041	**834,235**	**762,478**	**20,817**	**50,940**	**-**

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

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

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

		Foreign currency	Exchange rate	TWD
December 31, 2024				
Financial assets:				
Monetary items:				
USD	$	24,432	32.79	801,125
Financial liabilities:				
Monetary items:				
USD	$	2,040	32.79	66,892
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

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 December 31, 2024 and 2023, with all other variable factors remaining constant, would have (decreased) increased the net income before tax for the years ended December 31, 2024 and 2023 by $7,342 thousand and $6,792 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 (losses), including realized and unrealized, were $22,042 thousand and $(3,208) thousand for the years ended December 31, 2024 and 2023, respectively.

(iv) 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.

If the interest rate had increased/decreased by 1%, the Group's net income before tax would have decreased/increased by $2,112 thousand and $3,313 thousand for the years ended December 31, 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.

(v) 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:

	December 31, 2024				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unlisted stocks (overseas)	$ 51	-	-	51	51

	December 31, 2023				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unlisted stocks (overseas)	$ 53	-	-	53	53

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.

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 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	(2)
Balance at December 31, 2024	**$ 51**
Balance at January 1, 2023	$ 679
Total loss recognized:	
In other comprehensive income	(45)
Disposal	(581)
Balance at December 31, 2023	**$ 53**

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

(t) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Group's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the history of transactions with the counter-party, its financial position, and geographic considerations. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group has established an allowance of doubtful accounts to reflect actual and estimated potential losses resulting from uncollectible account and trade receivables. The allowance of doubtful accounts consists primarily of specific losses regarding individual customers and estimates of potential losses based on statistics from payment histories of similar customer groups.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since those who transact with the Group are banks and other external parties with good credit standing, there is no significant credit risk.

3) Guarantees

The Group's policy allows it to provide financial guarantees to companies which it has business relationship with, as well as those companies who hold more than 50% of the voting rights of the company, either directly or indirectly. As of December 31, 2024 and 2023, the Company did not provide any financial guarantees to its subsidiaries.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in currencies other than the respective functional currencies of the Group, primarily the TWD, USD and CNY. The currencies used in these transactions are the TWD, USD and CNY.

The Group relies on immediate foreign exchange transactions at spot rate to ensure the net exposure to foreign exchange risk is maintained within prescribed limits in order to manage market risk.

The Group's foreign currency assets and liabilities are influenced by foreign exchange rates. However, the amount is not significant after offsetting the assets against the liabilities. Therefore, market risk is maintained within prescribed limits.

2) Interest rate risk

The interest rates of the Group's short-term borrowings are floating. Hence, changes in market conditions will cause fluctuations in the effective interest rate and the future cash flow of the aforementioned loans. Because of the stable financial environment in which the Group operates and the stable fluctuating range of the market interest rate, it should not cause significant risks due to the changes in interest rate.

(u) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate, to provide a return to shareholders and benefits to other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, or issue new shares to settle long-term liabilities.

The Group uses the debt ratio to manage capital. This ratio is debt divided by total assets. Debt is derived from the total liabilities on the balance sheet. Total assets include share capital, capital surplus, retained earnings, other equity, and non-controlling interests plus debt.

The Group's debt ratio at the reporting date was as follows:

	December 31, 2024	December 31, 2023
Total liabilities	$ 889,923	878,750
Total assets	$ 1,482,785	1,306,981
Debt ratio	60 %	67 %

As of December 31, 2024, there were no material changes to the capital management of the Group.

(v) Investing and financing activities not affecting cash flow

The Group's investing and financing activities that did not affect the current cash flow in the years ended December 31, 2024 and 2023 were to obtain right-of-use assets under leases, please refer to note 6(f) for additional information.

For the years ended December 31, 2024 and 2023, the reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2024	Cash flows	Acquisition right-of-use assets	Effect of changes in exchange rate	December 31, 2024
Short-term borrowings	$ 552,000	(87,000)	-	-	465,000
Lease liabilities	85,367	(20,135)	2,901	320	68,453
Guarantee deposits received	6,672	176	-	180	7,028
Total liabilities from financing activities	$ 644,039	(106,959)	2,901	500	540,481

			Non-cash changes		
	January 1, 2023	Cash flows	Acquisition right-of-use assets	Effect of changes in exchange rate	December 31, 2023
Short-term borrowings	$ 579,000	(27,000)	-	-	552,000
Lease liabilities	20,878	(20,139)	84,636	(8)	85,367
Guarantee deposits received	6,731	-	-	(59)	6,672
Total liabilities from financing activities	$ 606,609	(47,139)	84,636	(67)	644,039

(Continued)

(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:

Name of related party	Relationship with the Group
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:

	2024	2023
Other related parties:		
NCS	$ 1,227	984

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 from related party were as follows:

	2024	2023
Other related parties:		
NCS	$ 80	-

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:

Account	Type of related parties	December 31, 2024	December 31, 2023
Accounts receivable－related parties	Other related parties:		
	NCS	$ 296	165

(Continued)

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

		2024	2023
Short-term employee benefits	$	31,243	26,652
Post-employment benefits		216	216
	$	**31,459**	**26,868**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2024	December 31, 2023
Property,plant and equipment	Short-term borrowings	$	251,780	256,134
Investment property	Short-term borrowings		138,554	139,957
		$	**390,334**	**396,091**

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

The employee benefit expenses, depreciation, and amortization, categorized by function, were as follows:

By function / By nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	38,861	191,854	230,715	34,215	167,412	201,627
Labor and health insurance	3,988	13,927	17,915	3,649	12,527	16,176
Pension	1,940	7,047	8,987	1,763	6,476	8,239
Remuneration of directors	-	8,678	8,678	-	6,798	6,798
Others	3,113	5,978	9,091	2,233	4,223	6,456
Depreciation (Note)	5,124	23,148	28,272	4,972	23,481	28,453
Amortization	-	9,750	9,750	-	13,125	13,125

Note: The amounts did not include the depreciation expenses for investment property recognized under other gains and losses amounted to $2,755 thousand and $2,736 thousand for the years ended December 31, 2024 and 2023, respectively.

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(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 years ended December 31, 2024:

(i) Loans extended to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 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				Maximum investment during the year	Remarks
				Number of shares	Book value	Holding percentage	Market value		
The Company	I1, Inc.	-	Non-current financial assets at fair value through profit or loss	400	-	2.125 %	-	30,800	
The Company	Trigem Computer Inc.	-	Non-current financial assets at fair value through profit or loss	-	-	0.006 %	-	63,609	
The Company	Ambicion Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1	51	0.691 %	51	4,630	
The Company	Durabook Federal, Inc	-	Non-current financial assets at fair value through other comprehensive income	19	-	19.000 %	-	5	

(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:

(in thousands of New Taiwan Dollar)

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / (sale)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	Durabook	Subsidiary	(Sale)	(130,417)	(11) %	The receivables can be offset with accounts payable from purchase or be O/A 60 days	No significant differences	The receivables can be offset with accounts payable from purchase or be O/A 60 days	91,271 (Note 1)	42 %	Note 2
Durabook Americas Inc.	The Company	Parent company	Purchase	130,417	95 %	The payables can be offset with accounts receivables from sales or be O/A 60 days	No significant differences	The payables can be offset with accounts receivables from sales or be O/A 60 days	(199,644)	(99) %	Note 2

Note 1: The Company's accounts receivable was offset against the credit balance of the investments of Durabook, accounted for using the equity method.

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

(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	314,095 (Note 3)	-	314,095 (Note 3)	The receivable has been traced and recognized as long-term accounts receivable	-	-
The Company	Durabook	Subsidiary	199,644 (Note 4)	0.72	108,373 (Note 4)	The receivable has been traced and recognized as long-term accounts receivable	25,534	-

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

Note 2: Until March 11, 2025.

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 December 31, 2024, the Company's accounts receivable from Durabook were $199,644 thousand. The overdue receivables of $108,373 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.

(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	130,417	The transaction is not significantly different from normal transactions	10.44%
0	The Company	Kunshan Lun Teng	1	Sales revenue	21,117	The transaction is not significantly different from normal transactions	1.69 %
0	The Company	Durabook	1	Accounts receivable －related parties	91,271	The receivables can be offset with accounts payable from purchase or be O/A 60 days	6.15 %
0	The Company	Twinhead Kunshan	1	Long-term accounts receivable－related parties	73,576 (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.	4.96 %

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 years ended December 31, 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			Maximum investment during the year	Net income (loss) of investee	Investment income (losses)	Remarks
				December 31, 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 %	(11,529) (Note 3)	73,442	(9,761)	(7,809)	Subsidiary (Note 2)
The Company	Twinhead (Asia)	Singapore	Investment holding	539,919	539,919	5,872	100.00 %	- (Note 4)	539,919	6,618	6,618	Subsidiary (Note 2)
Twinhead (Asia)	Twinhead Enterprises (BVI) Ltd.	British Virgin Islands	Investment holding	1,388	1,388	50	100.00 %	1,200	1,388	6	6	Subsidiary (Note 2)

Note 1: The exchange rate as of December 31, 2024 : USD1=TWD32.79.

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.

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 December 31, 2024	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2020	Investment income (losses) (Note 2)	Book value as of December 31, 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	409,875 (USD12,500)	(2)	409,875 (USD12,500)	-	-	409,875 (USD12,500)	10,440	100.00 %	409,875 (USD12,500)	10,440	(256,365)	-
Twinhead Huazhong Technology Limited Corp.	Installation and sales of laptop parts and accessories; sales and production of related software	131,160 (USD4,000)	(2)	65,580 (USD2,000)	-	-	65,580 (USD2,000)	-	- %	65,580 (USD2,000)	-	-	-
Kunshan Lun Teng System Co. ,Ltd	Import and export of computers, electronic components, and digital cameras, and technical consultant services	6,886 (USD210)	(2)	6,886 (USD210)	-	-	6,886 (USD210)	(2,613)	100.00 %	6,886 (USD210)	(2,613)	13,111	-

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 International (Asia) Pte Ltd. to 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 investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: The exchange rate as of December 31, 2024 : USD1=TWD32.79.

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 December 31, 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	524,968 (USD16,010)	524,968 (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 December 31, 2024: USD1=TWD32.79.

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).

(d) Major shareholders:

Unit: share

Shareholding / Shareholder's Name	Shares	Percentage
Kaos Enterprise Co., Ltd.	6,456,635	16.02 %
Protegas Futuro Holdings, LLC	5,633,325	13.97 %
Outstanding Corporation	2,672,280	6.63 %
Kang Eel Shiuan Co., Ltd.	2,260,905	5.61 %

(14) Segment information

(a) General 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.

(b) Information about the products and services

Revenue from the external customers of the Group was as follows:

Products and services		2024	2023
Laptop	$	1,059,572	901,976
Mainboard and accessories		101,554	98,957
Sales of materials and others		88,391	79,686
Total	**$**	**1,249,517**	**1,080,619**

(c) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

Geographic information		2024	2023
Revenue from external customers:			
Europe	$	599,490	416,050
America		337,471	283,402
Asia		307,599	359,947
Others		4,957	21,220
Total	**$**	**1,249,517**	**1,080,619**

Geographical information		December 31, 2024	December 31, 2023
Non-current assets:			
Taiwan	$	492,558	505,661
China		61,626	60,683
United States		2,692	5,268
Total	**$**	**556,876**	**571,612**

Non-current assets include property, plant and equipment, right-of-use assets, investment property and other assets, not including financial instruments and deferred tax assets.

(d) Information about major customers

For the years ended December 31, 2024 and 2023, the Group's major customers whose revenue was 10% or more of the net sales were as follows:

		2024	2023
Customer P	$	129,173	(Note 2)
Customer D		(Note 1)	142,804

Note 1: Revenue from the aforementioned customers was less than 10% of the net sales in 2024.

Note 2: Revenue from aforementioned customers was less than 10% of the net sales in 2023.