

**KUEN LING MACHINERY REFRIGERATING CO., LTD. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report**

For the 3 Months Ended March 31, 2024 and 2023

Stock Code : 4527

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Notice to readers

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.

KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with Independent Auditors' Report

For the 3 Months Ended March 31, 2024 and 2023

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3. Independent Auditors' Report

To the Board of Directors

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of KUEN LING MACHINERY REFRIGERATING CO., LTD. and its subsidiaries (the "Group"), as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3), relevant information disclosed in the financial statements of some non-significant subsidiaries of the consolidated financial statements for the same period and Note 13 were not reviewed by independent auditors. As of 3 months ended March 31, 2024 and 2023, those statements reflect total assets of \$209,772 thousand and \$228,993 thousand, constituting 6% and 7% of the consolidated total assets, and total liabilities of \$58,378 thousand and \$76,767, thousand, constituting 3% and 5% of the consolidated total liabilities, the total comprehensive income of \$7,284 thousand and \$(5,570) thousand, constituting 11% and (18)%, respectively,

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of 3 months ended March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

(1) WANG, CHUN-KAI

(2) Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

May 7, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Balance Sheets

For the 3 Months Ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

			March 31, 2024		December 31, 2023		March 31, 2023	
Assets		Note	Amount	%	Amount	%	Amount	%
Current assets:								
1100	Cash and cash equivalents	6(1)	\$ 456,546	13	\$ 472,058	13	\$ 417,679	14
1140	Contract Assets - Current	6(20)	84,606	2	85,855	2	3,347	-
1150	Net Notes Receivable	6(2)	472,361	13	325,988	9	426,777	14
1160	Notes Receivable - Related Parties, 6(2) and 7							
	Net		21,846	1	27,036	1	35,809	1
1170	Net Accounts Receivable	6(2)	974,638	27	1,226,204	34	659,580	22
1180	Accounts Receivable - Related	6(2) and 7						
	Parties, Net		12,613	-	12,286	-	10,929	-
1220	Current Tax Assets		-	-	-	-	16,597	1
130X	Inventory	6(3)	702,710	20	645,562	18	635,243	21
1479	Other Current Assets - Other	6(4) and 8	79,887	2	84,289	2	101,365	3
11XX	Total Current Assets		2,805,207	78	2,879,278	79	2,307,326	76
Non-current assets:								
1517	Financial Assets at Fair Value	6(5)						
	Through Other Comprehensive							
	Income - Non-current		9,759	-	9,759	-	9,759	-
1600	Property, Plant, and Equipment	6(7)(9) and 8	629,184	18	624,624	17	607,317	20
1755	Right-of-Use Assets	6(8) and 8	57,993	2	54,366	2	60,028	2
1780	Intangible Assets		6,580	-	7,135	-	8,067	-
1840	Deferred Tax Assets		31,021	1	35,012	1	29,508	1
1920	Deposits for Guarantees	8	15,441	-	15,182	-	21,244	1
1930	Long-term Notes and Accounts	6(10)						
	Receivable		640	-	765	-	1,135	-
1990	Other Non-current Assets - Other	8	23,681	1	21,161	1	10,779	-
15XX	Total Non-current Assets		774,299	22	768,004	21	747,837	24
1XXX	Total Assets		\$ 3,579,506	100	\$ 3,647,282	100	\$ 3,055,163	100

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Balance Sheets

For the 3 Months Ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

(Expressed in thousands of New Taiwan Dollar)								
Liabilities and equity		Note	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
Current liabilities:								
2100	Short-term borrowings	6(11) and 8	\$ 241,113	7	\$ 182,529	5	\$ 184,834	6
2130	Current portion of contract liabilities	6(20)	183,377	5	163,723	4	130,993	4
2150	Accounts payable notes	7	21,356	1	129,014	3	7,804	-
2170	Accounts payable	7	723,546	20	721,247	20	502,766	17
2200	Other payables	6(12)	479,558	13	356,593	10	408,340	13
2230	Current income tax liabilities		47,399	1	46,528	1	38,546	1
2250	Current portion of liabilities	6(13)	62,899	2	62,051	2	49,163	2
2280	Current lease liabilities		4,706	-	4,032	-	4,578	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	20,126	1	24,746	1	29,708	1
2399	Other current liabilities - Other		8,197	-	40,902	1	1,504	-
21XX	Current Assets		1,792,277	50	1,731,365	47	1,358,236	44
Non-current liabilities:								
2540	Long-term borrowings	6(14) and 8	1,276	-	3,665	-	20,931	1
2570	Deferred income tax liabilities		67,261	2	71,101	2	52,540	2
2580	Non-current lease liabilities		34,301	1	32,868	1	35,540	1
2640	Net defined benefit liabilities - Non-current	6(15)	58,401	2	64,077	2	70,129	2
2645	Deposits received for guarantees		3,060	-	2,945	-	2,934	-
25XX	Total non-current liabilities		164,299	5	174,656	5	182,074	6
2XXX	Total liabilities		1,956,576	55	1,906,021	52	1,540,310	50
Equity								
Equity attributable to owners of the parent company								
	Capital	6(16)						
3110	Ordinary shares capital		761,524	21	761,524	21	761,524	25
	Capital surplus	6(17)						
3200	Capital surplus		128,616	4	128,616	4	128,616	4
	Retained earnings	6(18)						
3310	Statutory surplus reserve		267,856	7	267,856	8	245,884	8
3320	Special surplus reserve		81,442	2	81,442	2	102,117	3
3350	Undistributed profits		345,615	10	481,113	13	259,067	9
	Other equity	6(19)						
3400	Other equity		(76,655)	(2)	(94,936)	(3)	(82,018)	(2)
31XX	Total equity attributable to owners of the parent company		1,508,398	42	1,625,615	45	1,415,190	47
36XX	Non-controlling interests	4(3)	114,532	3	115,646	3	99,663	3
3XXX	Total Equity		1,622,930	45	1,741,261	48	1,514,853	50
Significant contingent liabilities and unrecognized contractual commitments		9						
3X2X	Significant subsequent events		\$ 3,579,506	100	\$ 3,647,282	100	\$ 3,055,163	100

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Comprehensive Income
For the 3 Months Ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar, except for Per share)

	Assets	Note	3 Months Ended March 31, 2024		3 Months Ended March 31, 2023	
			Amount	%	Amount	%
4000	Operating revenues	6(20) and 7	\$ 728,491	100	\$ 649,788	100
5000	Operating costs	6(3)(23)(24) and 7	(561,743)	(77	(505,094)	(78)
5900	Gross profit from operations		166,748	23	144,694	22
	Operating expenses	6(23)(24)				
6100	Selling expenses		(49,234)	(7	(55,687)	(9)
6200	General and administrative expenses		(40,490)	(6	(40,061)	(6)
6300	Research and development expenses		(15,670)	(2	(16,460)	(2)
6450	Expected credit impairment loss	12(2)	(9,154)	(1	(2,771)	-
6000	Total operating expenses		(114,548)	(16	(114,979)	(17)
6900	Net operating income		52,200	7	29,715	5
	Non-operating income and expenses					
7100	Interest income		395	-	487	-
7010	Other income	6(21)	7,603	1	7,799	1
7020	Other gains and losses	6(22)	2,075	-	4,353	1
7050	Finance costs	6(8)(11)(14)	(1,922)	-	(2,616)	(1)
7000	Total non-operating income and expenses		8,151	1	10,023	1
7900	Profit before income tax from continuing operations		60,351	8	39,738	6
7950	Income tax expense	6(25)	(14,978)	(2	(8,437)	(1)
8200	Net Profit		\$ 45,373	6	\$ 31,301	5
	Other comprehensive income					
	Items that will be reclassified to profit or loss:					
8361	Foreign Exchange Differences on Translation of Financial Statements of Foreign Operations		\$ 21,022	3	(\$ 50)	-
8300	Other comprehensive income, net		\$ 21,022	3	(\$ 50)	-
8500	Comprehensive income		\$ 66,395	9	\$ 31,251	5
	Net Profit (Loss) Attributable to:					
8610	Parent Company Owners		\$ 47,268	6	\$ 31,759	5
8620	Non-controlling Interests		(1,895)	-	(458)	-
	Total		\$ 45,373	6	\$ 31,301	5
	Total Comprehensive Income (Loss) Attributable to:					
8710	Parent Company Owners		\$ 65,549	9	\$ 31,183	5
8720	Non-controlling Interests		846	-	68	-
	Total		\$ 66,395	9	\$ 31,251	5
	Earnings Per Share:	6(26)				
9750	Basic		\$ 0.62		\$ 0.42	
9850	Diluted		\$ 0.62		\$ 0.41	

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Changes in Equity
For the 3 Months Ended March 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

		Equity attributable to owners of parent										
		Retained earnings					Other equity interest					
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total	
Note												
<u>For the 3 Months Ended March 31, 2023</u>												
Balance at January 1, 2022		\$ 761,524	\$ 128,616	\$ 245,884	\$ 102,117	\$ 379,612	(\$ 48,124)	(\$ 33,318)	\$1,536,311	\$ 99,595	\$ 1,635,906	
Current Period Net Profit		-	-	-	-	31,759	-	-	31,759	(458)	31,301	
Current Period Other Comprehensive Income		6(19)	-	-	-	-	(576)	-	(576)	526	(50	
Total Comprehensive Income for the Period			-	-	-	31,759	(576)	-	31,183	68	31,251	
Earnings distribution of 2022			-	-	-	-	-	-	-	-	-	
Cash Dividends		6(18)	-	-	-	(152,304)	-	-	(152,304)	-	(152,304)	
Balance as of March 31, 2022			<u>\$ 761,524</u>	<u>\$ 128,616</u>	<u>\$ 245,884</u>	<u>\$ 102,117</u>	<u>\$ 259,067</u>	<u>(\$ 48,700)</u>	<u>(\$ 33,318)</u>	<u>\$1,415,190</u>	<u>\$ 99,663</u>	<u>\$ 1,514,853</u>
<u>For the 3 Months Ended March 31, 2024</u>												
Balance at January 1, 2023			\$ 761,524	\$ 128,616	\$ 267,856	\$ 81,442	\$ 481,113	(\$ 61,618)	(\$ 33,318)	\$1,625,615	\$ 115,646	\$ 1,741,261
Current Period Net Profit			-	-	-	-	47,268	-	-	47,268	(1,895)	45,373
Current Period Other Comprehensive Income		6(19)	-	-	-	-	-	18,281	-	18,281	2,741	21,022)
Total Comprehensive Income for the Period			-	-	-	-	47,268	18,281	-	65,549	846	66,395
Earnings distribution of 2022			-	-	-	-	-	-	-	-	-	-
Cash Dividends		6(18)	-	-	-	-	(182,766)	-	-	(182,766)	-	(182,766)
Cash Dividends Distributed by Subsidiaries			-	-	-	-	-	-	-	(1,960)	(1,960)	
Balance as of March 31, 2023			<u>\$ 761,524</u>	<u>\$ 128,616</u>	<u>\$ 267,856</u>	<u>\$ 81,442</u>	<u>\$ 345,615</u>	<u>(\$ 43,337)</u>	<u>(\$ 33,318)</u>	<u>\$1,508,398</u>	<u>\$ 114,532</u>	<u>\$ 1,622,930</u>

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the 3 Months Ended March 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
<u>Operating Cash Flows:</u>			
Current Period Pre-tax Net Profit		\$ 60,351	\$ 39,738
Adjustments:			
Items of Income and Expense			
Expected Credit Impairment Loss (Gain)	12(2)	9,154	2,771
Depreciation Expense (including	6(7)(8)		
Amortization of Right-of-Use Assets)	(23)	16,280	19,278
Amortization Expense	6(23)	712	778
Interest Expense		1,922	2,616
Interest Income		(395)	(487)
Gain on Disposal of Property, Plant, and	6(22)		
Equipment		(572)	(830)
Gain on Lease Modification	6(8)(22)		
	(27)	-	(3,413)
Net Changes in Assets/Liabilities Related to			
Operating Activities			
Net Change in Assets Related to Operating			
Activities			
Contract Assets - Current		1,249	4,242
Notes Receivable		(141,136)	40,464
Notes Receivable - Related Parties		5,190	19,419
Accounts Receivable (including Long-			
term Notes and Accounts Receivable)		262,001	97,199
Accounts Receivable - Related Parties		(4,586)	(2,885)
Inventory		45,587)	37,932
Other Current Assets - Other		5,950	(16,092)
Current portion of Contract Liabilities			
Contract liabilities-Current		17,000	26,201
Accounts Payable Notes		(107,658)	(9,230)
Accounts Payable		(13,991)	(55,755)
Other Payables		(67,392)	(92,750)
Current Provision		194	(23)
Other Current Liabilities - Other		33,700)	683
Net Defined Benefit Liabilities - Non-			
current		(5,676)	400
Cash Inflows Generated from Operations:		(31,518)	110,256
Interest Received		395	487
Interest Paid		(1,885)	(2,639)
Income Tax Paid		(14,310)	(17)
Net Cash Inflow from Operating			
Activities		(47,318)	108,087

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the 3 Months Ended March 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
<u>Investing Cash Flows:</u>			
Purchase of Property, Plant, and Equipment	6(27)	(\$ 6,568)	(\$ 17,832)
Increase in Prepayments for Equipment		(4,628)	(3,767)
Proceeds from Disposal of Property, Plant, and Equipment		572	2,094
Purchase of Intangible Assets		(55)	(42)
Decrease (Increase) in Deposits for Guarantees		(258)	8
Increase in Other Non-current Assets - Other		600	-
Net Cash Outflow from Investing Activities		(10,337)	(19,539)
<u>Financing Cash Flows:</u>			
Proceeds from Short-term Borrowings	6(28)	157,094	108,823
Repayment of Short-term Borrowings	6(28)	(100,327)	(167,788)
Repayment of Long-term Borrowings	6(28)	(7,531)	(7,427)
Repayment of Lease Principal	6(28)	(2,470)	(6,757)
Increase (Decrease) in Deposits Received for Guarantees		-	1,526
Cash Dividends Paid by Subsidiaries		(1,960)	-
Net Cash Outflow from Financing Activities		44,806	(71,623)
Effect of Exchange Rate Changes		(2,663)	(2,448)
Net Increase (Decrease) in Cash and Cash Equivalents for the Period		(15,512)	14,477
Beginning Cash and Cash Equivalents Balance	6(1)	472,058	403,202
Ending Cash and Cash Equivalents Balance	6(1)	\$ 456,546	\$ 417,679

KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the 3 Month ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar unless otherwise specified)

1. Company history

KUEN LING MACHINERY REFRIGERATING CO., LTD. ("the Company") was established in April, 1988 with approval. The main business of the Company includes the installation, maintenance, repair, assembly, manufacturing, processing, buying and selling, domestic and international sales, and leasing of condensers, ice water coolers, ice water units, and refrigeration units.

The Company's stocks have been traded on the Taiwan Stock Exchange (TWSE) since September, 2000.

For details on the main operating activities of the Company and its subsidiaries ("the Group"), please refer to Note 4(3).

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on May 7, 2024.

3. New standards, amendments and interpretations adopted

A. The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Group has initially adopted the following new amendments, which do not have a significant impact on its financial condition and financial performance, 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 IAS7 and IFRS7 "Supplier Finance Arrangements"
- Amendment to IFRS 16 "Sale and leaseback transaction"

B. The impact of IFRS endorsed by FSC but not adopted yet

None.

C. Newly released or amended standards and interpretations not yet endorsed by the FSC:

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Pending decision by the IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

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 financial condition and financial performance:

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 "Presentation and Disclosures in Financial Statements" replaces IFRS 1 and updates the structure of the consolidated income statement, adds disclosures on management performance measurement, and strengthens the summary applied to the main financial statements, notes and segmentation principles.

4. Summary of significant accounting policies

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

(1) Statement of compliance

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim financial reporting” that came into effect as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - a. Financial assets at fair value through profit or loss.
 - b. Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.
- B. The preparation of financial statements, in conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. The basis for the preparation of consolidated financial statements is as follows:

- a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activity	Ownership (%)			Explanation
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	CHING CHI INTERNATIONAL LIMITED	Invest in other region	83	83	83	
The Company	KLEAN AIR ENTERPRISE LTD.	Invest in other region	100	100	100	note
The Company	ECHEN LIANCHI ENTERPRISES CO., LTD.	General manufacturing	70	70	70	note
The Company	COZY AIR-CONDITIONING CO., LTD.	Merchandise sales and trading business	100	100	100	
CHING CHI INTERNATIONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Engaged in the manufacturing and sales of ice water machines, etc.	100	100	100	
CHING CHI INTERNATIONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturing	100	100	100	
KLEAN AIR ENTERPRISE LTD.	KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO.,LTD.	General manufacturing	100	100	100	note
KLEAN AIR ENTERPRISE LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	99	99	99	note

KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO.,LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	1	1	1	note
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note: Due to does not meet the definition of an important subsidiary, its financial reports as of March 31, 2024 and 2023 have not been reviewed.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group:

The total non-controlling interests of the Group as of December 31, 2023 and 2022 were \$115,646 and \$99,595 respectively. The following is information about the non-controlling interests that are significant to the Group and its subsidiaries:

Name of subsidiaries	Primary business locations	Non-controlling interests						Explanation
		March 31, 2024		December 31, 2023		March 31, 2023		
		Amount	%	Amount	%	Amount	%	
CHING CHI INTERNATIONAL LIMITED	China	\$ 109,839	17	<u>\$ 111,065</u>	17	<u>\$</u> 94,273	17	note

note: The registered country of this subsidiary is the British Virgin Islands.

Summary financial information of subsidiaries:

Balance sheet

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,483,162	\$ 1,618,087	\$ 1,047,556
Non-current assets	194,868	196,104	189,404
Current liabilities	(1,001,777)	(1,129,352)	(648,571)
Non-current liabilities	(30,142)	(31,516)	(33,840)
Total net assets	<u>\$ 646,111</u>	<u>\$ 653,323</u>	<u>554,549</u>

Consolidated Profit and Loss Statement

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries			
	3 Month ended March	3 Month ended March	
	31,2024	31,2023	
Revenue	\$ 249,974	\$ 265,267	
Profit(loss) before income tax	\$ 11,600	(\$ 4,493)	
Income tax expense	(200)	-	
Profit (loss) for the year	11,800	(4,493)	
Other comprehensive income(loss)	(27,825)	7,798	
Total comprehensive income(loss)	\$ 39,625	\$ 3,305	

Cash flow statement

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries			
	3 Month ended March	3 Month ended March	
	31,2024	31,2023	
Net cash provided by (used in) operating activities	(\$ 15,424)	(\$ 24,188)	
Net cash flows from investing activities:	189	(12,649)	
Net cash flows from (used in) financing activities.	(15,915)	(7,148)	
Effect of exchange rate changes on cash	553	1,331	
Net increase (decrease) in cash and cash equivalents	(30,597)	(42,654)	
Cash and cash equivalents at beginning of period	184,675	220,425	
Cash and cash equivalents at end of period	\$ 154,078	\$ 177,771	

(4) Employee benefits

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly

(5) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption
Uncertainty

There have been no significant changes as of March 31, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and revolving fund	\$ 1,172	\$ 996	\$ 2,420
Checking account and demand deposits	455,374	471,062	415,259
	<u>\$ 456,546</u>	<u>\$ 472,058</u>	<u>\$ 417,679</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has no cash and cash equivalents pledged to others.

(2) Notes and accounts receivable, net

The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Note receivable	\$ 472,385	\$ 326,012	\$ 426,801
Less: Allowance for uncollectable accounts	(24)	(24)	(24)
	472,361	325,988	426,777
Note receivable from related parties (Note7)	21,846	27,036	35,809
	<u>\$ 494,207</u>	<u>\$ 353,024</u>	<u>\$ 462,586</u>
Accounts receivable	\$ 1,046,640	\$ 1,288,028	\$ 699,110
Less: Allowance for uncollectable accounts	(72,002)	(61,824)	(39,530)
	974,638	1,226,204	659,580
Accounts receivable from related parties (Note7)	12,613	12,286	10,929
	<u>\$ 987,251</u>	<u>\$ 1,238,490</u>	<u>\$ 670,509</u>

	March 31, 2024		December 31, 2023		March 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 494,231	\$ 942,719	\$ 353,048	\$ 1,214,523	\$ 462,610	\$ 651,651
Past due :						
Up to 30 days	-	30,820	-	26,030	-	6,952
31 to 90 days	-	26,509	-	14,194	-	16,226
91 to 180 days	-	23,298	-	7,815	-	10,394
181 days to 1 years	-	22,968	-	28,214	-	17,070
1 to 2 years	-	8,604	-	5,113	-	3,051
Over 2 years	-	4,335	-	4,425	-	4,695
	<u>\$ 494,231</u>	<u>\$ 1,059,253</u>	<u>\$ 353,048</u>	<u>\$ 1,300,314</u>	<u>\$ 462,610</u>	<u>\$ 710,039</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, notes receivable and accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,322,140.
- C. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group does not hold any collateral as security for accounts receivable.
- D. As of March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$1,481,458, \$1,591,514 and \$1,133,095, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).
- F. March 31, 2024, December 31, 2023 and March 31, 2023, the Group transferred the bank acceptance to suppliers as payment in the same amount. The notes receivable derecognized but not yet matured amounted to \$63,737 (RMB 14,387 thousand), \$59,589 (RMB 13,786 thousand) and \$73,858 (RMB 16,634 thousand), respectively.
- G. Please refer to Note 6(10) for the information of long-term receivables.

(3) Inventories

	March 31, 2024		
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 305,897	(\$ 38,565)	\$ 267,332
Work in progress	119,695	-	119,695
Finished goods	322,855	(18,311)	304,544
Merchandise	10,141	(2,250)	7,891
Materials and supplies in transit	3,248	-	3,248
	<u>\$ 761,836</u>	<u>(\$ 59,126)</u>	<u>\$ 702,710</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 310,455	(\$ 41,434)	\$ 269,021
Work in progress	124,566	(4)	124,562
Finished goods	254,775	(17,029)	237,746
Merchandise	10,440	(3,004)	7,436
Materials and supplies in transit	6,797	-	6,797
	<u>\$ 707,033</u>	<u>(\$ 61,471)</u>	<u>\$ 645,562</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 349,050	(\$ 34,204)	\$ 314,846
Work in progress	85,485	-	85,485
Finished goods	245,709	(19,751)	225,958
Merchandise	8,997	(2,154)	6,843
Materials and supplies in transit	2,111	-	2,111
	<u>\$ 691,352</u>	<u>(\$ 56,109)</u>	<u>\$ 635,243</u>

The cost of inventories recognised as expense for the year:

	3 months ended March 31, 2024	3 months ended March 31, 2023
Cost of goods sold	\$ 466,711	\$ 408,387
Loss on decline in market value	(2,541)	10,647
Others	<u>97,573</u>	<u>86,060</u>
	<u>\$ 561,743</u>	<u>\$ 505,094</u>

From January 1 to March 31, 2024, the Group recognized the decrease in cost of sales due to the recovery in the net realizable value of inventory due to inventory reduction; from January 1 to March 31, 2023, there was no such situation.

(4) Other assets-current

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayment	\$ 57,011	\$ 61,239	\$ 93,673
Retained tax credit	11,791	10,931	-
Guarantee deposits paid-current	5,799	6,065	3,826
Other receivables	2,589	2,518	788
Office supplies	1,539	1,539	1,440
Current financial asset at amortised	600	1,127	1,304
Other	558	870	334
	<u>\$ 79,887</u>	<u>\$ 84,289</u>	<u>\$ 101,365</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group pledged time deposits maturing over three months as collateral and classified it as 'financial assets at amortised cost' in the amount of \$600, \$1,127 and \$1,304; refer to Notes 8 for details.

(5) Financial assets at fair value through other comprehensive income

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items :			
Equity instruments			
Unlisted stocks			
Feng-Hou Crporation	\$ 5,720	\$ 5,720	\$ 5,720
KA LING INDUSTRIAL CORP.	4,039	4,039	4,039
	9,759	9,759	9,759
Valuation adjustment	-	-	-
	<u>\$ 9,759</u>	<u>\$ 9,759</u>	<u>\$ 9,759</u>

A. The Group has elected to classify unlisted stocks investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments all amounted to \$9,759 as of March 31, 2024, December 31, 2023 and March 31, 2023.

B. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(6) Investments accounted for using equity method

The Group held 23.5% equity interest of the investee, STAT ROYAL CO., LTD., and recognised impairment losses on the former carrying amount due to the assessment that the investment has been impaired.

(7) Property, plant and equipment

	Buildings and structures									Unfinished construction and equipment under acceptance	
	Lang	Owner occupied	Lease	Subtotal	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment		Total
<u>January 1, 2024</u>											
Cost	\$137,865	\$550,715	\$ 85,879	\$636,594	\$329,604	\$ 61,536	\$ 28,528	\$ 6,624	\$ 14,786	\$ 19,443	\$ 1,234,980
Accumulated depreciation and impairment	-	(278,167)	(20,254)	(298,421)	(236,786)	(45,103)	(16,659)	(3,130)	(10,257)	-	(610,356)
	<u>\$137,865</u>	<u>\$272,548</u>	<u>\$ 65,625</u>	<u>\$338,173</u>	<u>\$ 92,818</u>	<u>\$ 16,433</u>	<u>\$ 11,869</u>	<u>\$ 3,494</u>	<u>\$ 4,529</u>	<u>\$ 19,443</u>	<u>\$ 624,624</u>
<u>2024</u>											
January 1	\$137,865	\$272,548	\$ 65,625	\$338,173	\$ 92,818	\$ 16,433	\$ 11,869	\$ 3,494	\$ 4,529	\$ 19,443	\$ 624,624
Additions	-	519	-	519	794	561	127	-	152	8,308	10,461
Transfers from prepayment for business facilities	-	-	-	-	1,555	-	-	-	-	-	1,555
Depreciation charge	-	(6,130)	(1,126)	(7,256)	(4,969)	(1,267)	(742)	(157)	(345)	-	(14,736)
Disposals-cost	-	(9,474)	-	(9,474)	(981)	(2,666)	(67)	-	-	-	(13,188)
Disposals-accumulated depreciation	-	9,474	-	9,474	981	2,666	67	-	-	-	13,188
Net exchange differences	-	3,071	2,540	5,611	1,494	106	66	-	3	-	7,280
March 31	<u>\$137,865</u>	<u>\$270,008</u>	<u>\$ 67,039</u>	<u>\$337,047</u>	<u>\$ 91,692</u>	<u>\$ 15,833</u>	<u>\$ 11,320</u>	<u>\$ 3,337</u>	<u>\$ 4,339</u>	<u>\$ 27,751</u>	<u>\$ 629,184</u>
<u>March 31, 2024</u>											
Cost	\$137,865	\$548,015	\$ 89,227	\$637,242	\$334,950	\$ 59,948	\$ 28,972	\$ 6,624	\$ 14,993	\$ 27,751	\$ 1,248,345
Accumulated depreciation and impairment	-	(278,007)	(22,188)	(300,195)	(243,258)	(44,115)	(17,652)	(3,287)	(10,654)	-	(619,161)
	<u>\$137,865</u>	<u>\$270,008</u>	<u>\$ 67,039</u>	<u>\$337,047</u>	<u>\$ 91,692</u>	<u>\$ 15,833</u>	<u>\$ 11,320</u>	<u>\$ 3,337</u>	<u>\$ 4,339</u>	<u>\$ 27,751</u>	<u>\$ 629,184</u>

		Buildings and structures								Unfinished construction and equipment under acceptance	
	Lang	Owner occupied	Lease	Subtotal	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment		Total
<u>January 1, 2023</u>											
Cost	\$137,865	\$537,213	\$ 87,743	\$624,956	\$342,242	\$ 58,834	\$ 31,622	\$ 6,624	\$ 13,673	\$ 11,490	\$ 1,227,306
Accumulated depreciation and impairment	-	(265,417)	(16,189)	(281,606)	(263,141)	(48,842)	(20,663)	(2,504)	(9,491)	-	(626,247)
	<u>\$137,865</u>	<u>\$271,796</u>	<u>\$ 71,554</u>	<u>\$343,350</u>	<u>\$ 79,101</u>	<u>\$ 9,992</u>	<u>\$ 10,959</u>	<u>\$ 4,120</u>	<u>\$ 4,182</u>	<u>\$ 11,490</u>	<u>\$ 601,059</u>
<u>2023</u>											
January 1	\$137,865	\$271,796	\$ 71,554	\$343,350	\$ 79,101	\$ 9,992	\$ 10,959	\$ 4,120	\$ 4,182	\$ 11,490	\$ 601,059
Additions	-	-	-	-	670	4,141	532	-	730	13,685	19,758
Transfers from prepayment for business facilities	-	-	-	-	3,207	-	-	-	-	-	3,207
Depreciation charge	-	(5,858)	(1,094)	(6,952)	(4,664)	(1,335)	(503)	(157)	(270)	-	(13,881)
Disposals-cost	-	(8,050)	-	(8,050)	(8,083)	(3,929)	(664)	-	-	-	(20,726)
Disposals-accumulated depreciation	-	8,058	-	8,050	6,819	3,929	664	-	-	-	19,462
Net exchange differences	-	(28)	(1,793)	(1,821)	197	(15)	11	-	(2)	68	(1,562)
March 31	<u>\$137,865</u>	<u>\$265,910</u>	<u>\$ 68,667</u>	<u>\$334,577</u>	<u>\$ 77,247</u>	<u>\$ 12,783</u>	<u>\$ 10,999</u>	<u>\$ 3,963</u>	<u>\$ 4,640</u>	<u>\$ 25,243</u>	<u>\$ 607,317</u>
<u>March 31, 2023</u>											
Cost	\$137,865	\$529,225	\$ 85,545	\$614,770	\$338,474	\$ 58,990	\$ 31,601	\$ 6,624	\$ 14,410	\$ 25,243	\$ 1,227,977
Accumulated depreciation and impairment	-	(263,315)	(16,878)	(280,193)	(261,227)	(46,207)	(20,602)	(2,661)	(9,770)	-	(620,660)
	<u>\$ 137,865</u>	<u>\$ 265,910</u>	<u>\$ 68,667</u>	<u>\$ 334,577</u>	<u>\$ 77,247</u>	<u>\$ 12,783</u>	<u>\$ 10,999</u>	<u>\$ 3,963</u>	<u>\$ 4,640</u>	<u>\$ 25,243</u>	<u>\$ 607,317</u>

- A. For the years ended December 31, 2023 and 2022, no interest expense was capitalised as part of property, plant and equipment.
- B. During the period from 2004 to 2011, the Group acquired an auction-purchased land from Chung-Kuo Tseng, the Chairman of the Group. However, part of the land was restricted by the current laws and regulations that prevent legal persons from purchasing agricultural land, so the transfer and transfer procedures can only be carried out after division and change in land category. As of the date of reviewing report, the change in land category and transfer procedures for the land have not yet been completed. However, the Group kept the land ownership certificate and other information in the Company as a preservation measure.
- C. The significant components of buildings include main plants, elevators and decoration equipment, which are depreciated over 55, 15 and 3 years, respectively.
- D. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements – lessee

A. The assets leased by the Group include specific land use rights and buildings obtained by subsidiaries in Mainland China and Vietnam from local governments. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be subleased, lent or used in any way that may affect the ownership of the lessor.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2024</u> <u>Carrying amount</u>	<u>December 31, 2023</u> <u>Carrying amount</u>	<u>March 31, 2023</u> <u>Carrying amount</u>
Land	\$ 18,918	\$ 18,427	\$ 18,959
Buildings	39,075	35,939	41,069
	<u>\$ 57,993</u>	<u>\$ 54,366</u>	<u>\$ 60,028</u>

	<u>3 Month ended March 31, 2024</u> <u>Depreciation charge</u>	<u>3 Month ended March 31, 2023</u> <u>Depreciation charge</u>
Land	\$ 144	\$ 142
Buildings	1,400	5,255
	<u>\$ 1,544</u>	<u>\$ 5,397</u>

C. As of March 31, 2024 and 2023, the Group has increases in right-of-use assets of \$3,701 and \$39,506, respectively.

D. Information on profit or loss in relation to lease contracts is as follows

	<u>3 Month ended March</u> <u>31, 2024</u>	<u>3 Month ended March</u> <u>31, 2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 399	\$ 704
Expense on leases of low value assets	116	72
Profit from lease modification	-	3,413

E. As of March 31, 2024 and 2023, the Group's total cash outflow for leases were \$2,985 and \$7,533, respectively.

F. For information about the right-of-use assets that were pledged to others as collateral, please refer to Note 8 for the details.

(9) Leasing arrangements - lessor

- A. The Group leases various assets mainly consisting of buildings. Rental contracts are typically made for periods of 5-15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as pledge, mortgage or joint venture with third parties.
- B. As of March 31, 2024 and 2023, the Group recognised rent income in the amounts of \$5,164 and \$2,124, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Within 1 year	\$ 22,957	\$ 22,029	\$ 10,102
Later than 1 year but not later than 3 years	48,023	38,343	18,523
More than 3 years	119,282	127,709	5,292
	<u>\$ 190,262</u>	<u>\$ 188,081</u>	<u>\$ 33,917</u>

(10) Long-term receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Total long term account receivable	\$ 654	\$ 785	\$ 1,178
Less: unrealized interest revenue	(14)	(20)	(43)
	<u>\$ 640</u>	<u>\$ 765</u>	<u>\$ 1,135</u>

As of March 31 2024, December 31, 2023 and March 31, 2023, the circumstances of each year's expected recovery of the portion of the long-term accounts receivable collection period over one year due to installment payments sales are as follows:

<u>Term</u>	March 31, 2024	December 31, 2023	March 31, 2023
Within 1 year	\$ 511	\$ 507	\$ 495
Later than 1 year but not later than 2 years	129	258	511
Later than 2 year but not later than 3 years	-	-	129
	<u>\$ 640</u>	<u>\$ 765</u>	<u>\$ 1,135</u>

- A. As of March 31 2024, December 31, 2023 and March 31, 2023, the Group does not hold any collateral as security for long-term accounts receivable.
- B. As of March 31 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's long-term accounts receivable was \$640, \$765 and \$1,135, respectively.
- C. Information relating to credit risk of long-term receivables is provided in Note 12(2).

(11) Short-term borrowings

Type of borrowing	March 31, 2024	December 31, 2023	March 31, 2023
Bank unsecured borrowings	\$ 209,855	\$ 153,370	\$ 135,061
Bank secured borrowings	31,258	29,159	49,773
	<u>\$ 241,113</u>	<u>\$ 182,529</u>	<u>\$ 184,834</u>
Interest rate range	<u>0.50%~7.00%</u>	<u>1.60%~7.00%</u>	<u>1.55%~6.29%</u>

A. Interest expense recognised in profit or loss amounted to \$1,272 and \$1,397 for the 3 Month ended March 31, 2024 and 2023, respectively.

B. Please refer to Note 8 for the details of collateral for the credit line for short-term borrowings.

(12) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Dividends Payable	\$ 182,766	\$ -	\$ 152,304
Payable on technical service expense	98,211	100,988	74,103
Salaries and wages and year-end bonuses payable	55,925	97,700	48,436
Employees' compensation payable	38,121	40,202	29,607
Commodity tax payable	14,169	12,604	10,356
Directors' remuneration payable	13,770	11,501	10,455
Business tax payable	10,494	11,760	8,343
Payable on machinery and equipment	9,038	5,145	5,544
Payable on construction	7,366	7,919	15,030
Others	49,698	68,774	54,162
	<u>\$ 479,558</u>	<u>\$ 356,593</u>	<u>\$ 408,340</u>

(13) Current provisions

<u>Warranty</u>	<u>2024</u>	<u>2023</u>
January 1	\$ 62,051	\$ 49,160
Additional provisions for the current period	8,166	4,991
Used in the period	(7,972)	(5,014)
Net exchange differences	(654)	26
March 31	<u>\$ 62,899</u>	<u>\$ 49,163</u>

The Group gives warranties on products sold and services rendered in accordance with the contract agreement. Provision for warranty is estimated based on historical warranty experience. It is expected that provision for warranty will occur within the next year.

(14) Long-term borrowings/long-term liabilities, current portion

<u>Type of borrowing</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	March 31, 2024
Long-term bank borrowings				
Secured borrowings	Borrowing period is from July 2019 to July 2024; principal is repayable in installments in accordance with the mutual agreement. From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	2.08%	Land, buildings and structures	\$ 10,000
		7.00%-7.20%	Right-of-use assets	11,402
				<hr/> 21,402
Less: current portion				(20,126)
				<hr/> \$ 1,276
<u>Type of borrowing</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from July 2019 to July 2024; principal is repayable in installments in accordance with the mutual agreement. From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	2.08%	Land, buildings and structures	\$ 15,000
		7.00%	Right-of-use assets	13,411
				<hr/> 28,411
Less: current portion				(24,746)
				<hr/> \$ 3,665

<u>Type of borrowing</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from July 2019 to July 2024; principal is repayable in installments in accordance with the mutual agreement.	1.95%	Land, buildings and structures	\$ 30,000
	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	8.50%-10.50%	Right-of-use assets	20,639
				<hr/> 50,639
Less: current portion				(<hr/> 29,708)
				<hr/> <u>\$ 20,931</u>

A. Interest expense recognised in profit or loss amounted to \$251 and \$515 for the 3 Month ended March 31, 2024 and 2023, respectively.

B. Please refer to Note 8 for the details of collateral for long-term borrowing.

(15) Pensions

- A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2.3% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- (b) From January 1 to March 31, 2024 and 2023, the Group's pension costs recognized in accordance with the above-mentioned method were \$321 and \$398, respectively.
- (c) The Group expects to make provision for retirement plans with \$6,123 for the upcoming 1 year.

- B. (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) KUEN LING MACHINERY REFRIGERATING CO., LTD. (SHANGHAI) and (SUZHOU) have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on 2% of employee’s monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) KUEN LING MACHINERY REFRIGERATING (VIETNAM) CO., LTD. has a defined pension plan. Monthly contributions to an independent fund administered by the Vietnam government in accordance with the pension regulations in the local government are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (d) PT. KUEN LING INDONESIA has a defined pension plan. Monthly contributions to an independent fund administered by the Indonesian government in accordance with the pension regulations in the local government are based on 2% of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (e) The pension costs under defined contribution pension plans of the Group for the 3 Month ended March 31, 2024 and 2023, were \$6,238 and \$6,126, respectively.

(16) Share capital

- A. As of March 31, 2024, the Group’s authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary stock (including 20,000 thousand shares of convertible bonds), and the paid-in capital was \$761,524 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. For the 3 Month ended March 31, 2024 and 2023, the number of the Group’s ordinary shares outstanding at the beginning and end was both 76,152 shares.

(17) Capital surplus

A. Movements on the capital surplus for the 3 Month ended March 31, 2024 and 2023 are as follows:

	Share premium	Treasury share transactions	Total
Balance at January 1 (at December 31)	\$ 128,615	\$ 1	\$ 128,616

B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. The Company operates in a volatile industry environment and is in the stable growth stage. Considering the Company's future capital needs, long-term financial plans and to maximise shareholders' interests, under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After the provision or reversal of special reserve in accordance with the laws and regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders.

In accordance with laws, if the balance of the special reserve is insufficient compared to the total of the cumulative amount of net increase in fair value of investment property in a preceding period and the cumulative net amount of other deductions from equity in a preceding period, the Company shall first set aside an equivalent amount of special reserve from the undistributed earnings of the prior period before the appropriation of earnings. If there remains any insufficiency, it shall be set aside from the after-tax profit of the period plus items other than after-tax net profit of the period, that are included in the undistributed earnings of the period. After the provision or reversal of special reserve in accordance with the laws and regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders if dividends would be distributed by issuing new shares.

The Board of Directors of the Company can distribute all or part of the distributable dividends and bonus, capital surplus and legal reserve in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and report to the shareholders.

The amount of dividends and bonus distributed to shareholders shall be no less than 50% of

the distributable earnings for the year, and cash dividends shall account for at least 10% of the current year total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

In accordance with the abovementioned rules, the special reserve appropriated as a result of the Company's choice of reclassifying cumulative translation adjustment to retained earnings as of March 31, 2024, December 31, 2023 and March 31, 2023 were all \$4,607.

D. (a) On March 22, 2023, the Board of Directors approved the distribution of dividends for the year 2022, which were \$152,304 at a rate of \$2.00 per ordinary share in cash. The shareholders were informed during the shareholders' meeting held on June 14, 2023.

(b) On March 12, 2024, the Board of Directors approved that total dividends for the distribution of earnings for the year of 2023 was \$182,766 at \$2.4 (in dollars) per ordinary share.

(19) Other equity items

		<u>2024</u>		
		Currency translation	Unrealized gains (loses) on valuation	Total
January 1		(\$ 61,618)	(\$ 33,318)	(\$ 94,936)
Currency translation differences				
–Group		(18,281)	-	(18,281)
March 31		<u>(\$ 43,337)</u>	<u>(\$ 33,318)</u>	<u>(\$ 76,655)</u>
		<u>2023</u>		
		Currency translation	Unrealized gains (loses) on valuation	Total
January 1		(\$ 48,124)	(\$ 33,318)	(\$ 81,442)
Currency translation differences				
–Group		(576)	-	(576)
March 31		<u>(\$ 48,700)</u>	<u>(\$ 33,318)</u>	<u>(\$ 82,018)</u>

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives operating revenue from contracts with customers and mainly from the transfer of goods and services over time and at a point in time in the following major product categories and geographical regions:

	<u>3 Month ended March 31, 2024</u>				
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Vietnam</u>	<u>Other</u>	<u>Total</u>
Equipment unit	\$ 382,752	\$ 178,636	\$ 29,009	\$ 1,207	\$ 591,604
System integration	90,749	-	-	-	90,749
construction					
Repair and	<u>35,241</u>	<u>8,485</u>	<u>1,292</u>	<u>1,120</u>	<u>46,138</u>
maintenance					
	<u>\$ 508,742</u>	<u>\$ 187,121</u>	<u>\$ 30,301</u>	<u>\$ 2,327</u>	<u>\$ 728,491</u>
Timing of revenue					
recognition					
At appoint in time	\$ 382,752	\$ 178,636	\$ 29,009	\$ 1,207	\$ 591,604
Over time					
	<u>125,990</u>	<u>8,485</u>	<u>1,292</u>	<u>1,120</u>	<u>136,887</u>
	<u>\$ 508,742</u>	<u>\$ 187,121</u>	<u>\$ 30,301</u>	<u>\$ 2,327</u>	<u>\$ 728,491</u>

	<u>3 Month ended March 31, 2023</u>				
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Vietnam</u>	<u>Other</u>	<u>Total</u>
Equipment unit	\$ 346,955	\$ 159,695	\$ 11,922	\$ 1,723	\$ 520,295
System integration	65,605	-	-	-	65,605
construction					
Repair and	<u>30,922</u>	<u>29,963</u>	<u>1,763</u>	<u>1,240</u>	<u>63,888</u>
maintenance					
	<u>\$ 443,482</u>	<u>\$ 189,658</u>	<u>\$ 13,685</u>	<u>\$ 2,963</u>	<u>\$ 649,788</u>
Timing of revenue					
recognition					
At appoint in time	\$ 346,955	\$ 159,695	\$ 11,922	\$ 1,723	\$ 520,295
Over time					
	<u>96,527</u>	<u>29,963</u>	<u>1,763</u>	<u>1,240</u>	<u>129,493</u>
	<u>\$ 443,482</u>	<u>\$ 189,658</u>	<u>\$ 13,685</u>	<u>\$ 2,963</u>	<u>\$ 649,788</u>

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Contract asset :				
System integration construction contract	\$ 84,606	\$ 85,855	\$ 3,347	\$ 7,589
Contract liabilities :				
Equipment unit contract	\$ 174,176	\$ 153,987	\$ 102,924	\$ 92,351
System integration construction contract	9,201	9,736	28,069	12,035
	\$ 183,377	\$ 163,723	\$ 130,993	\$ 104,386

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	3 Month ended March 31, 2024	3 Month ended March 31, 2023
Equipment unit contract	\$ 60,300	\$ 54,300
System integration construction contract	6,980	1,096
	\$ 67,280	\$ 55,396

(c) As of March 31, 2024, the total transaction price allocated to unfulfilled performance obligations amounted to \$158,009. The Group recognised the revenue based on the stage of completion of the system integration construction contract over time. The construction was expected to be completed in 2024.

(21) Other income

	3 Month ended March 31, 2024	3 Month ended March 31, 2023
Rental income	\$ 5,164	\$ 2,124
Gains on doubtful debt recoveries	546	2,967
Other income	1,893	2,708
	\$ 7,603	\$ 7,799

(22) Other gains and losses

	3 Month ended March 31, 2024	3 Month ended March 31, 2023
Profit from lease modification	\$ 1,704	\$ 164
Gains (losses) on disposals of property, plants and equipment	572	830
Lessees modification	-	3,413
Others	(201)	(54)
	\$ 2,075	\$ 4,353

(23) Expenses by nature

	<u>3 Month ended March 31,2024</u>	<u>3 Month ended March 31,2023</u>
Employee benefits expenses	\$ 108,500	\$ 105,442
Depreciation charge	16,280	19,278
Amortization charge	712	778
	<u>\$ 125,492</u>	<u>\$ 125,498</u>

(24) Employee benefit expense

	<u>3 Month ended March 31,2024</u>	<u>3 Month ended March 31,2023</u>
Wages and salaries	\$ 85,478	\$ 83,507
Labor and health insurance fees	10,044	9,727
Pension costs	6,559	6,524
Directors' emoluments	2,495	2,008
Other personnel expenses	3,928	3,676
	<u>\$ 108,500</u>	<u>\$ 105,442</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 3% ~ 7% for employees' compensation and shall not be higher than 3% for directors' remuneration. If the Company has accumulated deficit, earnings should be channeled to cover losses. The employees' compensation may be distributed in the form of shares or cash and the employees include the employees of subsidiaries of the Company meeting certain specific requirements. The aforementioned current year's earnings represent current year's profit before deducting tax and distributing employees' compensation and directors' remuneration.

B. For the 3 Month ended March 31,2024 and 2023, employees' compensation was accrued at \$3,980 and \$2,487, respectively; while directors' remuneration was accrued at \$1,706 and \$1,066, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 7% and 3% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$22,739 and \$9,745, and both will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(1) Components of income tax expense

	<u>3 Month ended March</u> <u>31,2024</u>	<u>3 Month ended March</u> <u>31,2023</u>
Current income tax:		
Income tax on profits	\$ 14,620	\$ 10,694
Prior year income tax underestimation	<u>207</u>	<u>68</u>
Total income tax for the current portion	<u>14,827</u>	<u>10,762</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>151</u>	<u>(2,325)</u>
Income tax expense	<u>\$ 14,978</u>	<u>\$ 8,437</u>

B. The Group's income tax returns through 2022 have been assessed and approved by the Tax Authority. As of the report date, the Group has no significant administrative remedies for pending tax.

(26) Earnings per share

	<u>3 Month ended March 31,2024</u>		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 47,268</u>	<u>76,152</u>	<u>\$ 0.62</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 47,268	76,152	
Assumed conversion of all dilutive potential ordinary shares:	<u>-</u>	<u>560</u>	
Employees' compensation			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 47,268</u>	<u>76,712</u>	<u>\$ 0.62</u>

	<u>3 Month ended March 31,2023</u>		
	Amount	Weighted average	Earnings
	after tax	number of ordinary	per share
		shares outstanding	(in dollars)
<u>Basic earnings per share</u>		(share in thousands)	
Profit attributable to ordinary shareholders of the parent	<u>\$ 31,759</u>	<u>76,152</u>	<u>\$ 0.42</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 31,759	76,152	
Assumed conversion of all dilutive potential ordinary shares:	-	582	
Employees' compensation			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 31,759</u>	<u>76,734</u>	<u>\$ 0.41</u>

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>3 Month ended March 31,2024</u>	<u>3 Month ended March 31,2023</u>
Purchase of property, plant and equipment	\$ 10,461	\$ 19,758
Add: Opening balance of payable on Equipment	5,145	3,618
Less: Ending balance of payable on Equipment	(9,038)	(5,544)
Cash paid	<u>\$ 6,568</u>	<u>\$ 17,832</u>

B. Investing and financing activities with no cash flow effects:

	<u>3 Month ended March 31,2024</u>	<u>3 Month ended March 31,2023</u>
Prepayment for equipment transferred to property and plant and equipment	<u>\$ 1,555</u>	<u>\$ 3,207</u>
Increase in right-of-use assets	\$ 3,701	\$ 39,506
Less: Increase in lease liabilities	(3,701)	(39,506)
	<u>\$ -</u>	<u>\$ -</u>
Decrease in right-of-use assets	\$ -	\$ 16,702
Less: Increase in lease liabilities	-	(20,115)
Profit from lease modification	-	(\$ 3,413)
Long-term loans due within one year	<u>\$ 20,126</u>	<u>\$ 29,708</u>
Cash dividends declared but not yet distribute	<u>\$ 182,766</u>	<u>\$ 152,304</u>

(28) Changes in liabilities from financing activities

	January 1,2024	Changes in cash flow from financing activities	Changes in non- cash	March 31,2024
Short-term borrowing	\$ 182,529	\$ 56,767	\$ 1,817	\$ 241,113
Long-term borrowings (Note 1)	28,411	(7,531)	522	21,402
Lease liabilities (Note 2)	<u>36,900</u>	<u>(2,470)</u>	<u>4,577</u>	<u>39,007</u>
Liabilities from financing activities-gross	<u>\$ 247,840</u>	<u>\$ 46,766</u>	<u>\$ 6,916</u>	<u>\$ 301,522</u>

	January 1,2023	Changes in cash flow from financing activities	Changes in non- cash	March 31,2023
Short-term borrowing	\$ 244,786	(\$ 58,965)	(\$ 987)	\$ 184,834
Long-term borrowings (Note 1)	58,658	(7,427)	(592)	50,639
Lease liabilities (Note 2)	<u>27,337</u>	<u>(6,757)</u>	<u>19,538</u>	<u>40,118</u>
Liabilities from financing activities-gross	<u>\$ 330,781</u>	<u>(\$ 73,149)</u>	<u>\$ 17,959</u>	<u>\$ 275,591</u>

Note 1: Including current portion.

Note 2: In addition, refer to Note 6(27) for supplemental cash flow information.

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
TECO Electric & Machinery Co., Ltd. (TECO Electric & Machinery)	Entity with significant influence over the Group
AOK TECHNICAL SERVICE CO., LTD.	Entity with significant influence over the Group
TESEN ELECTRONIC CO., LTD.	Entity with significant influence over the Group
Top-Tower Enterprises Co., Ltd.	Entity with significant influence over the Group
JIANGXI TECO AIR CONDITIONING EQUIPMENT CO.,LTD (JIANGXI TECO)	Entity with significant influence over the Group
TECO (Philippines) 3C & Appliance Inc.	Entity with significant influence over the Group
TECO Technology (Vietnam) Co., Ltd.	Entity with significant influence over the Group

(2) Significant related party transactions

A. Operating revenue

3 Month ended March 31,2024 3 Month ended March 31,2023

Sales of goods:

Individuals with significant influence

TECO Electric & Machinery	\$	12,470	\$	15,085
Others		<u>2,092</u>		<u>347</u>
	\$	<u>14,562</u>	\$	<u>15,432</u>

Because there is no similar counterparty or transaction, the price of goods sold to related parties is conducted by mutual agreement. The collection term is 60 to 197 days after monthly billings for related parties, which is not materially different from the general transaction terms.

B. Purchases

3 Month ended March 31,2024 3 Month ended March 31,2023

Purchases of goods:

Individuals with significant influence	<u>79</u>	<u>1,335</u>
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Because there is no similar counterparty or transaction, the purchase prices with related parties are conducted by mutual agreement. The payment terms with related parties are 30 to 90 days after delivery, which is not materially different from the general transaction terms.

C. Receivables

	March 31,2024	December 31, 2023	March 31,2023
Notes receivable:			
Entities with significant influence			
TECO Electric & Machinery	\$ 21,846	\$ 27,036	\$ 35,809
Accounts receivable:			
Entities with significant influence			
TECO Electric & Machinery	10,382	10,307	10,879
Others	2,231	1,979	50
	12,613	12,286	10,929
Total	\$ 34,459	\$ 39,322	\$ 46,738

D. Payables

	March 31,2024	December 31, 2023	March 31,2023
Notes payable:			
Entities with significant influence	\$ 56	\$ 69	\$ 12
Accounts payable:			
Entities with significant influence	-	193	1,165
Total	\$ 56	\$ 262	\$ 1,177

(3) Key management compensation

	3 Month ended March 31,2024	3 Month ended March 31,2023
Salaries and other short-term employee benefits	\$ 13,300	\$ 12,603
Post-employment benefits	61	46
	\$ 13,361	\$ 12,649

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	March 31,2024	December 31, 2023	March 31,2023	
Pledged time deposits (Note 1)	\$ 600	\$ 1,727	\$ 1,304	Advance payment bonds issued by banks
Guarantee deposits paid - current (Note 2)	5,799	6,065	3,826	Guarantee for bids
Land	96,150	96,150	96,150	Line of credit for long-term and short-term borrowing
Buildings and structure, net	124,793	125,728	130,796	Line of credit for long-term and short-term borrowing
Right-of-use assets, net	13,080	12,689	12,938	Line of credit for long-term and short-term borrowing
Guarantee deposits paid	15,441	15,182	21,244	Construction performance bond or maintenance bond
	<u>\$ 255,863</u>	<u>\$ 257,541</u>	<u>\$ 266,258</u>	

Note 1: Financial assets at amortised cost, shown as 'other current assets, others'.

Note 2: Shown as 'other current assets, others'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) The amount of the performance promissory note issued by the Group for the sale of equipment units and undertaking projects is as follows:

	March 31,2024	December 31, 2023	March 31,2023
Performance guarantee	\$ 70,288	\$ 61,510	\$ 78,442

- (2) Refer to Note 6 (20), operating revenue, for the amount of unfulfilled performance obligations for the system integration construction contract undertaken by the Group.

- (3) The Group undertakes contracts such as equipment unit and system integration constructions, and financial institutions provide the Group with contract guarantees and other guarantees. The amount of guarantee is as follows:

	March 31,2024	December 31, 2023	March 31,2023
Guaranteed amount provided by the bank	\$ 28,395	\$ 63,426	\$ 41,320

- (4) The amount to be paid in the future for the capital expenditure contracts and outsourcing construction contracts signed by the Group is as follows:

	March 31,2024	December 31, 2023	March 31,2023
Outsourcing construction	\$ 149,318	\$ 190,950	\$ 148,945
Property, plant and equipment	40,362	8,683	3,009
	\$ 189,680	\$ 199,633	\$ 151,954

- (5) As of March 31,2024, December 31, 2023 and March 31,2023, the Group's unused letters of credit for the import of raw materials were USD 457 thousand, USD 91 thousand and USD 62 thousand, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

There are no major changes in this period. Please refer to Note 12 of the consolidated financial statements for the year 2023.

(2) Financial instruments

A. Financial instruments by category

	March 31,2024	December 31, 2023	March 31,2023
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 9,759	\$ 9,759	\$ 9,759
Financial assets at amortised cost			
Cash and cash equivalents	\$ 456,546	\$ 472,058	\$ 417,679
Financial assets at amortised cost (Note 1)	600	1,727	1,304
Notes receivable (including related parties)	494,207	353,024	462,586
Accounts receivable (including related parties)	987,251	1,238,490	670,509
Other receivables (Note 1)	2,589	2,518	788
Guarantee deposits paid (including current) (Note 1)	21,240	21,247	25,070
Long-term accounts receivable	640	765	1,135
	\$ 1,963,073	\$ 2,089,829	\$ 1,579,071
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 241,113	\$ 182,529	\$ 184,834
Notes payable	21,356	129,014	7,804
Accounts payable	723,546	721,247	502,766
Other payables	479,558	356,593	408,340
Long-term borrowings (including current portion)	21,402	28,411	50,639
Guarantee deposits received (including current portion) (Note 2)	10,438	42,991	2,934
	\$ 1,497,413	\$ 1,460,785	\$ 1,157,317
Lease liability (including non-current)	\$ 39,007	\$ 36,900	\$ 40,118

Note 1: Financial assets at amortised cost, shown as 'other current assets, others'.

Note 2: Shown as 'other current assets, others'.

B. Financial risk management policies

In order to effectively control and decrease financial risks, the management of the Group focuses on identifying, evaluating and hedging market uncertainties to minimise potential adverse effects from markets on the Group's financial performance. The risk includes market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk).

Risk management is carried out by related segments under approved policies.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and VND. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii As the objective of the investments in certain foreign operations held by the Group is for strategic purposes, the Group does not hedge the investments.
- iii The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31,2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 7,083	7.22	\$ 226,656
USD:NTD	987	32.00	31,584
Non-monetary items (Note)			
USD:NTD	21,164	32.00	670,321
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	608	32,00	19,456
USD:VND	493	23.702	15,776

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
<hr/>			
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 8,735	7.10	\$ 268,208
USD:NTD	841	30.71	25,823
Non-monetary items (Note)			
USD:NTD	22,259	30.71	671,239
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	709	23,633	21,770
USD:NTD	499	30.71	15,322

March 31,2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
<hr/>			
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 715	6.86	\$ 21,772
USD:NTD	449	30.45	13,642
Non-monetary items (Note)			
USD:NTD	19,424	30.45	591,351
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1,196	23,525	36,418
USD:NTD	765	30.45	23,294

Note: The items are financial assets at fair value through other comprehensive income and investments accounted for using the equity method.

- iv The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the 3 months ended March 31, 2024 and 2023, amounted to \$1,704 and \$164, respectively.

v Analysis of foreign currency market risk arising from significant foreign exchange variation:

3 Month ended March 31,2024

Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	1%	\$ 2,267	\$ -
USD:NTD	1%	316	-
Non-monetary items (Note)			
USD:NTD	1%	-	6,703
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	195	-
USD:VND	1%	158	-

3 Month ended March 31,2023

Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	1%	\$ 218	\$ -
USD:NTD	1%	137	-
Non-monetary items (Note)			
USD:NTD	1%	-	5,914
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1%	364	-
USD:NTD	1%	233	-

Price risk

Equity instruments that the Group is exposed to price risk are financial assets at fair value through other comprehensive income. The price of those equity instruments will be affected by the uncertainty of the future value of the investment.

Cash flow and fair value interest rate risk

- i The Group's main interest rate risk arises from long-term borrowings (including current portion) with variable rates, which expose the Group to cash flow interest rate risk. During January 1 to March 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in US and NTD Dollars.
- ii If the borrowing interest rate had increased by 1% with all other variables held constant, pre-tax profit for the 3 months ended March 31, 2024 and 2023 would have decreased/increased by \$214 and \$506, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows stated at amortised cost.
- ii In order to maintain quality of accounts receivable, the Group has set a credit risk management process or its operations.

Risk assessment of individual customers takes into account factors that may influence customers' ability to pay, such as their financial position, historical record and current economic condition. When appropriate, the Group applies certain credit enhancement tools, such as collecting sales revenue in advance, to reduce credit risk of specific customers.

The Group's treasury measures and controls credit risk of deposits with banks and other financial instruments. Because the counterparties of the Group and performing parties are banks with good credit and financial institutions or company organisations with investment grade or above and thus there was no significant possibility of default nor significant credit risk.

- iii The Group adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition, to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.
- iv In line with credit risk management procedure, when the counterparty fails to perform the agreement between the two parties and fails to negotiate, the default has occurred.
- v The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue

executing the recourse procedures to secure their rights. On March 31,2024, December 31, 2023 and March 31,2023, the Group's written-off financial assets that are still under recourse procedures amounted to \$40,537, \$46,250 and \$44,511, respectively.

vii The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- (i) Significant financial difficulty of the issuer;
- (ii) A breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- (iv) The disappearance of an active market for that financial asset because of financial difficulties.

viii. The expected credit loss rate established by the Group on the accounts receivable of customers on March 31,2024, December 31, 2023 and March 31,2023 is as follows:

	Past due						
	Not past due	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	1 to 2 year(s)	Over 2 years
March 31,2024	0.31%~ 3.33%	0.67%~ 10.49%	0.99%~ 43.76%	4.74%~ 64.61%	8.75%~ 75.89%	13.75%~ 81.70%	100%
December 31, 2023	0.16%~ 3.31%	0.37%~ 10.5%	0.53%~ 41.5%	2.91%~ 63.01%	6.91%~ 73.73%	11.91%~ 78.93%	100%
March 31,2023	0.16%~ 3.14%	0.37%~ 10.28%	0.53%~ 40.83%	2.91%~ 61.65%	6.91%~ 72.15%	11.91%~ 77.15%	100%

ix Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, notes receivable and contract assets are as follows:

	2024		
	Account receivable	Note receivable	Contract assets
At January 1	\$ 61,824	\$ 24	\$ -
Reversal of impairment loss	9,154	-	-
Write-offs	(228)	-	-
Effect of	(1,252)	-	-
At March 31	<u>\$ 72,002</u>	<u>\$ 24</u>	<u>\$ -</u>
	2023		
	Account receivable	Note receivable	Contract assets
At January 1	\$ 36,669	\$ 24	\$ -
Reversal of impairment loss	2,771	-	-
Write-offs	(44)	-	-
Effect of	(134)	-	-
At March 31	<u>\$ 39,530</u>	<u>\$ 24</u>	<u>\$ -</u>

For the 3 Month ended March 31,2024 and 2023, the impairment gains (losses) arising from customers' contracts amounts to \$9,154 and \$2,771, respectively.

(c) Liquidity risk

The Group's objectives for managing liquidity risk are to maintain cash and deposits needed for operations and adequate borrowing credits to ensure the Group is financially flexible.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings and summarises the maturity of the Group's financial liabilities based on contractual undiscounted repayments

March 31, 2024					
	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowing	\$ 183,789	\$ 58,467	\$ -	\$ -	\$ -
Notes payable	21,224	132	-	-	-
Accounts payable	562,904	160,642	-	-	-
Other payables	305,845	173,713	-	-	-
Lease liability	318	5,906	6,138	18,375	13,965
Long-term borrowing (including current portion)	7,738	12,849	1,283	-	-
	<u>\$ 1,081,818</u>	<u>\$ 411,709</u>	<u>\$ 7,421</u>	<u>\$ 18,375</u>	<u>\$ 13,965</u>

Derivative financial liabilities: None.

December 31, 2023					
	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowing	\$ 156,276	\$ 26,805	\$ -	\$ -	\$ -
Notes payable	128,750	264	-	-	-
Accounts payable	569,861	151,386	-	-	-
Other payables	206,012	150,581	-	-	-
Lease liability	2,597	2,819	5,098	16,196	16,433
Long-term borrowing (including current portion)	7,121	17,908	4,337	-	-
	<u>\$ 1,070,617</u>	<u>\$ 349,763</u>	<u>\$ 9,435</u>	<u>\$ 16,196</u>	<u>\$ 16,433</u>

Derivative financial liabilities: None.

		March 31, 2023				
		Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5years
<u>Non-derivative financial liabilities:</u>						
Short-term borrowing	\$	160,498	\$ 25,456	\$ -	\$ -	\$ -
Notes payable		7,804	-	-	-	-
Accounts payable		425,624	77,142	-	-	-
Other payables		277,760	130,580	-	-	-
Lease liability		726	7,032	6,947	19,743	21,146
Long-term borrowing (including current portion)		8,040	23,604	20,324	1,234	-
	\$	<u>880,452</u>	<u>\$ 263,814</u>	<u>\$ 27,271</u>	<u>\$ 20,977</u>	<u>\$ 21,146</u>
<u>Derivative financial liabilities:</u> None.						

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. The carrying amounts of the Group's cash and cash equivalents, financial assets at amortised cost (shown as 'other current assets, other'), notes receivable (including receivables from related parties), accounts receivable (shown as 'other current assets, other'), other receivables (including receivables from related parties), guarantee deposits paid, long-term notes and accounts receivables, short-term borrowings, notes payable, accounts payable, other payables, current portion of long-term liabilities, long-term borrowings and lease liabilities and guarantee deposits received approximate to their fair values.
- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,759</u>	<u>\$ 9,759</u>

Liabilities: None.

- D. For the 3 months ended March 31, 2024 and 2023, there was no transfer into or out from Level 3.
- E. For the equity securities whose fair value is classified as Level 3, which are mainly investments in foreign listed companies, the Group adopts the comparable company approach to calculate the fair value of the investment target. The comparable company approach refers to the transaction price of the shares of companies engaged in the same or similar business in the active market and the value multipliers implied by these prices, and considers the liquidity discount to determine the value of the target company.

13. Supplementary Disclosures

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: None.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Group's paid-in capital: None.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- Trading in derivative instruments undertaken during the reporting periods: None.
- Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

- Basic information: Please refer to table 7.
- Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on reporting information used for normal performance management and strategic decisions reviewed and implemented.

The Group is a professional manufacturer of chiller units for central air-conditioning systems. The product sales targets are mainly ODM and OEM customers and refrigeration and air-conditioning engineering companies in Taiwan. In response to the needs of downstream customers to set up plants overseas and to reach the goal of product internationalisation, the Group subsequently established operation bases in Mainland China and Southeast Asia to directly supply local demand.

There are three segments of the Group, which are operation bases in Taiwan, Mainland China and Vietnam regions.

(2) Measurement of segment information

The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

Sales and transfers between segments are deemed as transactions with third parties and are measured at present market price. There is no material inconsistency between the accounting policies of each operating segment and those summarised in Note 2.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

3 Month ended March 31,2024

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (Note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 508,742	\$ 187,121	\$ 30,301	\$ 2,327	\$ -	\$ 728,491
Internal segment revenue	<u>266,782</u>	<u>62,853</u>	<u>-</u>	<u>-</u>	<u>(329,635)</u>	<u>-</u>
Total segment revenue	<u>\$ 775,524</u>	<u>\$ 249,974</u>	<u>\$ 30,301</u>	<u>\$ 2,327</u>	<u>(\$ 329,635)</u>	<u>\$ 728,491</u>
Segment profit and loss	<u>\$ 69,505</u>	<u>(\$ 19,208)</u>	<u>\$ 3,953</u>	<u>(\$ 1,089)</u>	<u>\$ 961</u>	<u>\$ 52,200</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 7,548</u>	<u>\$ 7,459</u>	<u>\$ 1,958</u>	<u>\$ 27</u>		<u>\$ 16,992</u>
Segment assets	<u>\$ 1,889,287</u>	<u>\$ 1,500,341</u>	<u>\$ 172,771</u>	<u>\$ 17,107</u>		<u>\$3,579,506</u>
Segment liabilities	<u>\$ 1,045,749</u>	<u>\$ 856,699</u>	<u>\$ 43,248</u>	<u>\$ 10,880</u>		<u>\$1,956,576</u>

3 Month ended March 31, 2023

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (Note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 443,482	\$ 189,058	\$ 13,685	\$ 2,963	\$ -	\$ 649,788
Internal segment revenue	<u>229,808</u>	<u>75,609</u>	<u>-</u>	<u>-</u>	<u>(305,417)</u>	<u>-</u>
Total segment revenue	<u>\$ 673,290</u>	<u>\$ 265,267</u>	<u>\$ 13,685</u>	<u>\$ 2,963</u>	<u>(\$ 305,417)</u>	<u>\$ 649,788</u>
Segment profit and loss	<u>\$ 47,678</u>	<u>(\$ 12,215)</u>	<u>(\$ 3,179)</u>	<u>\$ 15</u>	<u>(\$ 2,584)</u>	<u>\$ 29,715</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 8,062</u>	<u>\$ 10,254</u>	<u>\$ 1,738</u>	<u>\$ 2</u>		<u>\$ 20,056</u>
Segment assets	<u>\$ 1,684,715</u>	<u>\$ 1,163,168</u>	<u>\$ 195,578</u>	<u>\$ 11,702</u>		<u>\$ 3,055,163</u>
Segment liabilities	<u>\$ 854,277</u>	<u>\$ 613,011</u>	<u>\$ 70,045</u>	<u>\$ 2,977</u>		<u>\$ 1,540,310</u>

Note: It is the elimination of inter-segment revenue.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations is provided as follows:

	<u>3 Month ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Reportable segments profit and loss	\$ 52,200	\$ 29,715
Non-operating income and expenses	<u>8,151</u>	<u>10,023</u>
Profit before tax and continued operations	<u>\$ 60,351</u>	<u>\$ 39,738</u>

Table 1. Loans to others:

Number	Lender	Counter- party	Account name	Related party	Highest balance for the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business parties	Reason for financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing	Remarks
													Item	value			
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO.,LTD.	Other receivable – related parties	Yes	\$19,170	\$19,170	-	--	Note 1(2)	-	Working capital	-	-	-	\$150,840	\$603,359	

Note 1: Fund loan code:

- (1) Those with business dealings.
- (2) Those need short-term financing.

Note 2: According to the Company's operating procedures for loans funds to others, the regulations are as follows:

- (1) The total amount of capital loans and business transactions of companies or banks and companies or banks that need short-term financing shall not exceed 40% of the net worth of the Company's most recent financial statements.
- (2) If there is a need for short-term financing between companies or with banks, the individual loan amount shall not exceed 10% of the Company's latest financial statement net worth.

Table 2. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Name of security holder	Name of security and type	Relationship with company	Account title	December 31, 2023				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
KUEN LING MACHINERY REFRIGERATING CO., LTD.	Capital contribution-FengHou Enterprise Co., Ltd.	-	Financial assets at FVOCI	Note	5,720	18%	5,720	-
	Stock-KA LING INDUSTRIAL CORP.	-	Financial assets at FVOCI	157,500	4,039	15%	4,039	
	Stock-FULL OCEAN TRADING LIMITED	-	Financial assets at FVOCI	1,000,000	-	9%	-	-

Note: It is a limited company, therefore it is not applicable.

Table 3. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	Subsidiary	Sale	\$250,778	60%	According to the agreement of both parties	Note	Note	\$263,303	66%	

Note: It is conducted in accordance with the provisions of both parties, therefore there is no significant difference from ordinary transactions.

Table 4. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more:

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR- CONDITIONING CO., LTD.	Subsidiary	\$263,303	1.19%	\$-	-	\$55,000	\$-	None
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Fellow subsidiary	175,199	3.88%	-	-	36,637	-	None

Table 5. Significant inter-company transactions during the reporting periods

This is a summary of the transactions between the parent company and its subsidiaries and between each subsidiary company with an amount of more than \$10 million.

No. (Note 1)	Name of company	Related party	Relationship (Note 2)	Transaction details			
				Subject	Amount	Transaction terms	Ratio of total consolidated revenue or total assets (Note 3)
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Sale	\$250,778	According to the agreement of both parties	34%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Accounts receivable - related party	263,303	According to the agreement of both parties	7%
1	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	3	Sale	55,391	According to the agreement of both parties	8%
1	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	3	Accounts receivable - related party	175,199	According to the agreement of both parties	5%

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the number is as follows:

(1). 0 for the parent company.

(2). Subsidiaries are numbered sequentially starting from 1 according to company number.

Note 2: There are the following 3 types of relationships with related parties, indicated by type (if it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need to disclose it repeatedly. For example: a transaction between a parent company and a subsidiary company, if the parent company has disclosed, the subsidiary does not need to be disclosed again; subsidiary to subsidiary transactions, if one has disclosed it, the other does not need to disclose it again):

(1). Parent company to subsidiary company.

(2). Subsidiary to parent company.

(3). Subsidiary to subsidiary.

Note 3: The calculation of the ratio of transaction amount to consolidated total revenue or total assets, if it is an asset and liability item, is calculated based on the closing balance to consolidated total assets; if it is a profit or loss item, it is calculated based on the accumulated amount during the period as a share of the total consolidated revenue.

Table 6. Names, locations and other information of investee companies (not including investees in Mainland China)

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the Investee	Investment income (less) Recognized	Remarks
				March 31,2024	December 31,2023	Shares owned	Percentage owned	Carrying value			
KUEN LING MACHINERY REFRIGERATING CO., LTD.	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Invest in other region	\$ 201,467	\$ 201,467	6,200,000	83	\$536,044	(\$ 11,800)	(\$ 9,861)	Subsidiary, Note 4
KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	Taiwan	Merchandise sales and trading business	30,000	30,000	3,000,000	100	132,879	42,459	42,459	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	KLEAN AIR ENTERPRISE LTD.	Samoa	Invest in other region	138,046	138,046	4,401,000	100	130,238	2,013	2,013	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	Yi Kee Industrial Co., Ltd.	Taiwan	General manufacturing	7,073	7,073	-	70	10,951	372	261	Subsidiary, Note 1
KUEN LING MACHINERY REFRIGERATING CO., LTD.	AMG HOME Co. Ltd.	Taiwan	General manufacturing	47,000	47,000	2,350,000	23.5	-	-	-	
KLEAN AIR ENTERPRISE LTD.	KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO., LTD.	Vietnam	General manufacturing	89,325	89,325	-	100	128,067	3,101	-	sub-subsidiary, Note 1,

											Note 2, Note 3
KLEAN AIR ENTERPRISE LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Indonesia	Merchandise sales and trading business	17,279	17,279	-	99	3,602	(1,090)	-	sub- subsidiary, Note 1, Note 2, Note 3
KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Indonesia	Merchandise sales and trading business	175	175	-	1	36	(1,090)	-	sub- subsidiary, Note 1, Note 2, Note 3

Note 1: It is a limited company.

Note 2: Converted into New Taiwan Dollars based on the exchange rate on the financial reporting date.

Note 3: It has been incorporated into the Company's profit and loss for the current period evaluated using the equity method, and is calculated and recognized by the Company as investment profit and loss.

Note 4: The difference between the current period's profit and loss of the invested company and the investment profit and loss recognized by the company is the unrealized profit and loss arising from the company's internal transactions.

Table 7. Information on investments in Mainland China, Basic information

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated amount invested in Mainland China as of January.1,2024	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of March 31, 2024	Net income Of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of March 31, 2024	Accumulated investment income repatriated to Taiwan as of March 31, 2024	Remark
					Remittance	Repatriation							
KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Manufacturing and sales of ice water machines, etc.	\$ 181,713	2	\$ 116,068	\$ -	\$ -	\$ 116,068	(\$ 9,577)	83	(\$ 7,962)	\$ 304,644	\$ 52,973	Note 2, Note 3
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturing	272,443	2	58,649	-	-	58,649	(6,318)	83	(1,881)	230,162	-	Note 2, Note 3
Suzhou Chu Mao Technology Co., Ltd.	Precision mold control and other manufacturing and sales businesses	255,459	2	21,173	-	-	21,173	(566)	9	-	-	-	-
Fu Feng Sheet Metal (Shanghai) Co., Ltd.	Manufacturing and sales of sheet metal outer boxes, etc.	-	2	11,157	-	-	11,157	-	-	-	-	-	Note 7

<u>Company Name</u>	<u>Investment limits</u>				<u>Remark</u>
	<u>The accumulated</u>	<u>The investment</u>	<u>in mainland China</u>		
	<u>investment amount</u>	<u>amount is approved</u>	<u>as stipulated by</u>		
	<u>remitted from Taiwan</u>	<u>by Department of</u>	<u>Department of</u>		
	<u>to the mainland at the</u>	<u>Investment Review,</u>	<u>Investment</u>		
	<u>end of current period</u>	<u>MOEA</u>	<u>Review, MOEA</u>		
KUEN LING					
MACHINERY					
REFRIGERATING CO.,	\$ 207,047	\$ 417,998	\$ 905,039		Note 4, Note 5, Note 6
LTD.					

Note 1: Investment methods are divided into the following 3 types, just indicate the category:

- (1) Directly investment in the mainland China
- (2) Reinvest in mainland China through a third-region company (please indicate the investment company in the third region): Reinvest in mainland China through CHING CHI INTERNATIONAL LIMITED and FULL OCEAN TRADING LIMITED.
- (3) Other methods

Note 2: The difference between the amount of paid-in capital of the company and CHING CHI INTERNATIONAL LIMITED is based on the dividends distributed by KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.; CHING CHI INTERNATIONAL LIMITED was reinvested as the company's capital increase, and KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD's surplus was transferred to capital increase, the Company did not actually remit the amount.

Note 3: Investment gains and losses are recognized based on the financial statements which have been auditing and attestation by the Taiwanese parent company's accountant.

Note 4: Including the Department of Investment Review, MOEA approved the company's mainland invested company's surplus capital increase and the amount of dividends distributed by the mainland investment company that were indirectly reinvested in another mainland invested company.

Note 5: Converted into New Taiwan Dollars based on the exchange rate on the financial reporting date.

Note 6: According to the Department of Investment Review, MOEA stipulates that the investment limit in mainland China is 60% of the Group's net worth.

Note 7: The liquidation of the reinvested company was completed in 2018.

Table 8. Information on investments in Mainland China, Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

<u>Name of invested company</u>	<u>Sales (purchase) goods</u>		<u>property transaction</u>		<u>Accounts receivable (payable)</u>		<u>Endorsement of note</u> <u>guarantees or provides</u> <u>collateral</u>		<u>Financing</u>				
	<u>Amount</u>		<u>Amount</u>		<u>balance</u>		<u>Ending</u>	<u>Maximum</u>	<u>Ending</u>	<u>interest rate</u>	<u>Current</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>balance</u>	<u>%</u>	<u>balance</u>	<u>Purpose</u>	<u>balance</u>	<u>balance</u>	<u>range</u>	<u>interest</u>	<u>other</u>
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	(\$ 4,154)	1%	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	-

Table 9. Major shareholders

<u>Shareholder's Name</u>	<u>shares</u>	
	<u>Shareholding Amount</u>	<u>Percentage</u>
TECO Electric & Machinery Co., Ltd.	11,131,642	14.61%
Wen-Chi Ko	4,414,075	5.79%

Note:

- (1) The information on the major shareholders in this table is based on the last business day of the end of each quarter by CCB. The total number of ordinary shares and special shares of the company that have been delivered without physical registration (including treasury shares) is calculated by the shareholders of the company up to 5%. There may be differences due to the calculation basis of the preparation between share capital recorded in the company's financial report and the company's actual non-physical registration of shares.
- (2) If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right etc.
Please refer to the Public Information Observatory for information on insider shareholding declarations.
- (3) The compilation principle of this table is to calculate the distribution of the balance of each credit transaction based on the list of securities owners that have been closed for transfer at the extraordinary meeting of shareholders (securities lending is not covered).
- (4) Shareholding ratio (%) = total number of shares held by the shareholder/total number of shares that have been delivered with non-physical registration.
- (5) The total number of shares that have been delivered with non-physical registration (including treasury shares) is 76,152,370 shares = 76,152,370 (ordinary shares) + 0 (preferred stock).