

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

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

For the 6 Months Ended June 30, 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 6 Months Ended June 30, 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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the 3-month and 6-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 6 months ended June 30, 2024 and 2023, those statements reflect total assets of \$212,483 thousand and \$213,965 thousand, constituting 6% and 7% of the consolidated total assets, and total liabilities of \$56,624 thousand and \$46,515, thousand, constituting 3% and 4% of the consolidated total liabilities; the total comprehensive income for the 3 months and 6 months ended June 30, 2024 and 2023, were \$3,921 thousand, \$2,857 thousand, \$11,205 thousand and \$(2,713) thousand, constituting 4%, 9%, 7% and (4)%, 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 and 6 months ended June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the 3-months and 6 months 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
August 6, 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 6 months ended June 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

Assets		Note	June 30, 2024		December 31, 2023		June 30, 2023		
			Amount	%	Amount	%	Amount	%	
Current assets:									
1100	Cash and cash equivalents	6(1)	\$ 410,617	12	\$ 472,058	13	\$ 465,810	15	
1140	Contract Assets - Current	6(20)	26,304	1	85,855	2	4,201	-	
1150	Net Notes Receivable	6(2)	386,450	11	325,988	9	347,933	12	
1160	Notes Receivable - Related Parties, 6(2) and 7								
	Net		28,280	1	27,036	1	27,217	1	
1170	Net Accounts Receivable	6(2)	1,128,061	32	1,226,204	34	712,974	24	
1180	Accounts Receivable - Related Parties, Net	6(2) and 7	7,601	-	12,286	-	11,778	-	
130X	Inventory	6(3)	612,904	18	645,562	18	636,045	21	
1479	Other Current Assets - Other	6(4) and 8	69,449	2	84,289	2	87,215	3	
11XX	Total Current Assets		2,669,666	77	2,879,278	79	2,293,173	76	
Non-current assets:									
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	6(5)	9,759	-	9,759	-	9,759	-	
1600	Property, Plant, and Equipment	6(7)(9) and 8	640,035	19	624,624	17	607,318	20	
1755	Right-of-Use Assets	6(8) and 8	56,815	2	54,366	2	57,281	2	
1780	Intangible Assets		5,929	-	7,135	-	7,509	-	
1840	Deferred Tax Assets		29,187	1	35,012	1	27,370	1	
1920	Deposits for Guarantees	8	14,181	-	15,182	-	20,900	1	
1930	Long-term Notes and Accounts Receivable	6(10)	532	-	765	-	1,012	-	
1990	Other Non-current Assets - Other	8	24,180	1	21,161	1	11,106	-	
15XX	Total Non-current Assets		780,618	23	768,004	21	742,255	24	
1XXX	Total Assets		\$ 3,450,284	100	\$ 3,647,282	100	\$ 3,035,428	100	

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Balance Sheets

For the 6 months ended June 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

(Expressed in thousands of New Taiwan Dollar)								
Liabilities and equity		Note	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
Current liabilities:								
2100	Short-term borrowings	6(11) and 8	\$ 180,608	5	\$ 182,529	5	\$ 135,198	5
2130	Current portion of contract liabilities	6(20)	167,600	5	163,723	4	162,562	5
2150	Accounts payable notes	7	18,572	1	129,014	3	5,642	-
2170	Accounts payable	7	576,843	17	721,247	20	513,416	17
2200	Other payables	6(12)	498,136	14	356,593	10	397,325	13
2230	Current income tax liabilities		34,924	1	46,528	1	22,783	1
2250	Current portion of liabilities	6(13)	63,076	2	62,051	2	48,758	2
2280	Current lease liabilities		4,818	-	4,032	-	4,502	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	13,947	-	24,746	1	29,896	1
2399	Other current liabilities - Other		4,883	-	40,902	1	3,508	-
21XX	Current Assets		1,563,407	45	1,731,365	47	1,323,590	44
Non-current liabilities:								
2540	Long-term borrowings	6(14) and 8	-	-	3,665	-	13,669	-
2570	Deferred income tax liabilities		69,952	2	71,101	2	54,160	2
2580	Non-current lease liabilities		34,500	1	32,868	1	34,448	1
2640	Net defined benefit liabilities - Non-current	6(15)	58,632	2	64,077	2	59,344	2
2645	Deposits received for guarantees		3,086	-	2,945	-	2,990	-
25XX	Total non-current liabilities		166,170	5	174,656	5	164,611	5
2XXX	Total liabilities		1,729,577	50	1,906,021	52	1,488,201	49
Equity								
Equity attributable to owners of the parent company								
	Capital	6(16)						
3110	Ordinary shares capital		761,524	22	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		293,365	8	267,856	8	267,856	9
3320	Special surplus reserve		94,936	3	81,442	2	81,442	3
3350	Undistributed profits		394,349	11	481,113	13	305,129	10
	Other equity	6(19)						
3400	Other equity		(71,288)	(2)	(94,936)	(3)	(94,918)	(3)
31XX	Total equity attributable to owners of the parent company		1,601,502	46	1,625,615	45	1,449,649	48
36XX	Non-controlling interests	4(3)	119,205	4	115,646	3	97,578	3
3XXX	Total Equity		1,720,707	50	1,741,261	48	1,547,227	51
Significant contingent liabilities and unrecognized contractual commitments		9						
3X2X	Significant subsequent events		\$ 3,450,284	100	\$ 3,647,282	100	\$ 3,035,428	100

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Statements of Comprehensive Income

For the 6 Months Ended June 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar, except for Per share)

		Note	3 Months Ended June 30, 2024		3 Months Ended June 30, 2023		6 Months Ended June 30, 2024		6 Months Ended June 30, 2023	
Assets			A m o u n t	%	A m o u n t	%	A m o u n t	%	A m o u n t	%
4000	Operating revenues	6(20) and 7	\$ 902,496	100	\$ 687,686	100	\$ 1,630,987	100	\$ 1,337,474	100
5000	Operating costs	6(3)(23)(24) and 7	(672,114)	(75)	(518,924)	(75)	(1,233,857)	(75)	(1,024,018)	(77)
5900	Gross profit from operations		230,382	25	168,762	25	397,130	25	313,456	23
	Operating expenses	6(23)(24)								
6100	Selling expenses		(60,088)	(7)	(51,901)	(8)	(109,322)	(7)	(107,588)	(8)
6200	General and administrative expenses		(44,384)	(5)	(42,440)	(6)	(84,874)	(5)	(82,501)	(6)
6300	Research and development expenses		(18,828)	(2)	(16,353)	(2)	(34,498)	(2)	(32,813)	(3)
6450	Expected credit impairment loss	12(2)	(3,438)	-	(3,050)	(1)	(12,592)	(1)	(5,821)	-
6000	Total operating expenses		(126,738)	(14)	(113,744)	(17)	(241,286)	(15)	(228,723)	(17)
6900	Net operating income		103,644	11	55,018	8	155,844	10	84,733	6
	Non-operating income and expenses									
7100	Interest income		1,324	-	1,230	-	1,719	-	1,717	-
7010	Other income	6(21)	14,256	2	10,201	1	21,859	1	18,000	1
7020	Other gains and losses	6(22)	651	-	1,030	-	2,726	-	5,383	1
7050	Finance costs	6(8)(11)(14)	(2,176)	-	(2,453)	-	(4,098)	-	(5,069)	-
7000	Total non-operating income and expenses		14,055	2	10,008	1	22,206	1	20,031	2
7900	Profit before income tax from continuing operations		117,699	13	65,026	9	178,050	11	104,764	8
7950	Income tax expense	6(25)	(25,856)	(3)	(15,775)	(2)	(40,834)	(3)	(24,212)	(2)
8200	Net Profit		\$ 91,843	10	\$ 49,251	7	\$ 137,216	8	\$ 80,552	6
	Other comprehensive income									
	Items that will be reclassified to profit or loss:									
8361	Foreign Exchange Differences on Translation of Financial Statements of Foreign Operations		\$ 6,247	1	(\$ 16,030)	(2)	\$ 27,269	2	(\$ 16,080)	(1)
8300	Other comprehensive income, net		\$ 6,247	1	(\$ 16,030)	(2)	\$ 27,269	2	(\$ 16,080)	(1)
8500	Comprehensive income		\$ 98,090	11	\$ 33,221	5	\$ 164,485	10	\$ 64,472	5
	Net Profit (Loss) Attributable to:									
8610	Parent Company Owners		\$ 87,737	10	\$ 47,359	7	\$ 135,005	8	\$ 79,118	6
8620	Non-controlling Interests		4,106	-	1,892	-	2,211	-	1,434	-
	Total		\$ 91,843	10	\$ 49,251	7	\$ 137,216	8	\$ 80,552	6
	Total Comprehensive Income (Loss) Attributable to:									
8710	Parent Company Owners		\$ 93,104	10	\$ 34,459	5	\$ 158,653	10	\$ 65,642	5
8720	Non-controlling Interests		4,986	1	(1,238)	-	5,832	-	(1,170)	-
	Total		\$ 98,090	11	\$ 33,221	5	\$ 164,485	10	\$ 64,472	5
	Earnings Per Share:	6(26)								
9750	Basic		\$ 1.15		\$ 0.62		\$ 1.77		\$ 1.04	
9850	Diluted		\$ 1.15		\$ 0.62		\$ 1.76		\$ 1.03	

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Changes in Equity
For the 3 Months Ended June 30, 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, 2023		\$ 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		-	-	-	-	79,118	-	-	79,118	1,434	80,552
Current Period Other Comprehensive Income	6(19)	-	-	-	-	-	(13,476)	-	(13,476)	(2,604)	(16,080)
Total Comprehensive Income for the Period		-	-	-	-	79,118	(13,476)	-	65,642	(1,170)	64,472
Appropriation and distribution of retained earnings of 2023											
Legal reserve appropriated		-	-	21,972	-	(21,972)	-	-	-	-	-
Reversal of special Reserve		-	-	-	(20,675)	20,675	-	-	-	-	-
Cash Dividends	6(18)	-	-	-	-	(152,304)	-	-	(152,304)	-	(152,304)
Cash dividends distribute to non-controlling interests		-	-	-	-	-	-	-	-	(847)	(847)
Balance as of June 30, 2023		\$ 761,524	\$ 128,616	\$ 267,856	\$ 81,442	\$ 305,129	(\$ 61,600)	(\$ 33,318)	\$ 1,449,649	\$ 97,578	\$ 1,547,227
<u>For the 3 Months Ended March 31, 2024</u>											
Balance at January 1, 2024		\$ 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		-	-	-	-	135,005	-	-	135,005	2,211	137,216
Current Period Other Comprehensive Income	6(19)	-	-	-	-	-	23,648	-	23,648	3,621	27,269
Total Comprehensive Income for the Period		-	-	-	-	135,005	23,648	-	158,653	5,832	164,485
Appropriation and distribution of retained earnings of 2024											
Legal reserve appropriated		-	-	25,509	-	(25,509)	-	-	-	-	-
Reversal of special Reserve		-	-	-	13,494	(13,494)	-	-	-	-	-
Cash Dividends		-	-	-	-	(182,766)	-	-	(182,766)	-	(182,766)
Cash dividends distribute to non-controlling interests		-	-	-	-	-	-	-	-	(2,273)	(2,273)
Balance as of June 30, 2024		\$ 761,524	\$ 128,616	\$ 293,365	\$ 94,936	\$ 394,349	(\$ 37,970)	(\$ 33,318)	\$ 1,601,502	\$ 119,205	\$ 1,720,707

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the 6 Months Ended June 30, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	6 Months Ended June 30, 2024	6 Months Ended June 30, 2023
<u>Operating Cash Flows:</u>			
Current Period Pre-tax Net Profit		\$ 178,050	\$ 104,764
Adjustments:			
Items of Income and Expense			
Expected Credit Impairment Loss (Gain)	12(2)	12,592	5,821
Depreciation Expense (including	6(7)(8)(23)		
Amortization of Right-of-Use Assets)		32,600	34,464
Amortization Expense	6(23)	1,420	1,507
Interest Expense	6(8)(11)(14)	4,098	5,069
Interest Income		(1,719)	(1,717)
Dividend income	6(21)	(1,539)	(1,434)
Gain on Disposal of Property, Plant, and	6(22)		
Equipment		(594)	(1,420)
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		59,551	3,388
Notes Receivable		(53,602)	110,380
Notes Receivable - Related Parties		(1,244)	28,012
Accounts Receivable (including Long-			
term Notes and Accounts Receivable)		110,866	19,505
Accounts Receivable - Related Parties		11,386	4,120
Inventory		51,407	29,251
Other Current Assets - Other		17,655	(3,293)
Current portion of Contract Liabilities			
Contract liabilities-Current		(1,516)	59,269
Accounts Payable Notes		(110,442)	(11,392)
Accounts Payable		(165,635)	(29,047)
Other Payables		(58,226)	(94,073)
Current Provision		171	(76)
Other Current Liabilities - Other		(37,323)	2,686
Net Defined Benefit Liabilities - Non-			
current		(5,445)	(10,385)
Cash Inflows Generated from Operations:		42,511	251,986
Interest Received		1,719	1,717
Dividend Received		1,539	1,434
Interest Paid		(3,262)	(5,205)
Income Tax Paid		(48,318)	(11,258)
Net Cash Inflow from Operating Activities		(5,811)	238,674

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the 6 Months Ended June 30, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	6 Months Ended June 30, 2024	6 Months Ended June 30, 2023
<u>Investing Cash Flows:</u>			
Purchase of Property, Plant, and Equipment	6(27)	(\$ 21,756)	(\$ 37,720)
Increase in Prepayments for Equipment		(5,471)	(5,119)
Proceeds from Disposal of Property, Plant, and Equipment		594	2,767
Purchase of Intangible Assets		(81)	(358)
Decrease (Increase) in Deposits for Guarantees		1,002	354
Increase in Other Non-current Assets - Other		600	-
Net Cash Outflow from Investing Activities		(25,112)	(40,076)
<u>Financing Cash Flows:</u>			
Proceeds from Short-term Borrowings	6(28)	217,443	190,663
Repayment of Short-term Borrowings	6(28)	(221,688)	(299,944)
Repayment of Long-term Borrowings	6(28)	(15,106)	(14,948)
Repayment of Lease Principal	6(28)	(3,224)	(6,620)
Increase (Decrease) in Deposits Received for Guarantees		141	1,556
Cash Dividends Paid by Subsidiaries		(2,273)	(847)
Net Cash Outflow from Financing Activities		(24,707)	(130,140)
Effect of Exchange Rate Changes		(5,811)	(5,850)
Net Increase (Decrease) in Cash and Cash Equivalents for the Period		(61,441)	62,608
Beginning Cash and Cash Equivalents Balance	6(1)	472,058	403,202
Ending Cash and Cash Equivalents Balance	6(1)	\$ 410,617	\$ 465,810

KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the 6 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 August 6, 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 IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendment to IFRS 16 "Sale and leaseback transaction"

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

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, 2025 :

New, Amended and Revised Standards and Interpretations
Amendments to IAS 21 "Lack of Exchangeability"

Effective Date Issued by IASB
January 1, 2025

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 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
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
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
IFRS Accounting Standards "Annual Improvements- Volume 11"	January 1, 2026

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:

(1) Amendments to IFRS 9 and IFRS 7 – "Amendments to the Classification and Measurement of Financial Instruments"

Updating the irrevocable option to designate equity instruments as measured at fair value through other comprehensive income (FVOCI), the fair value for each category should be disclosed, but no need to disclose fair value information for each specific investment.

Additionally, the fair value gains or losses recognized in other comprehensive income during the reporting period should be disclosed, distinguishing between the fair value gains or losses related to investments derecognized during the reporting period and those related to investments still held at the end of the reporting period. It is also necessary to disclose the cumulative gains or losses transferred to equity due to investments derecognized during the reporting period.

(2) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 and will update the structure of the statement of comprehensive income, adding disclosure requirements for management performance measures and enhancing the principles for aggregation and disaggregation applied to the primary financial statements and notes.

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:
- Financial assets at fair value through profit or loss.
 - 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

- (1) The basis for the preparation of consolidated financial statements is as follows:
- 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.
 - 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.
 - 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
			June 30, 2024	December 31, 2023	June 30, 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 1
The Company	ECHEN LIANCHI ENTERPRISES CO., LTD.	General manufacturing	70	70	70	note 1
The Company	COZY AIR-	Merchandise sales and	100	100	100	

	CONDITIONING CO., LTD.	trading business				
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 1
KLEAN AIR ENTERPRISE LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	99	99	99	note 1 and note 2
KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO.,LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	1	1	1	note 1 and note 2

note 1: Due to does not meet the definition of an important subsidiary, its financial reports as of June 30, 2024 and 2023 have not been reviewed.

note 2: On March 12, 2024, the board of directors and shareholders' meeting resolved that KLEAN AIR ENTERPRISE LTD.'s investment in KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD. will close its business. The relevant procedures are currently being processed.

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 June 30,2024, December 31, 2023 and June 30,2023 were \$119,205, \$115,646 and \$97,578 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						
		June 30, 2024		December 31, 2023		June 30, 2023		
		Amount	%	Amount	%	Amount	%	Explanation
CHING CHI INTERNATIONAL LIMITED	China	\$ 114,428	17	\$ 111,065	17	\$ 93,114	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

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 1,351,119	\$ 1,618,087	\$ 1,099,144
Non-current assets	211,859	196,104	187,255
Current liabilities	(847,327)	(1,129,352)	(705,610)
Non-current liabilities	(42,546)	(31,516)	(33,057)
Total net assets	<u>\$ 673,105</u>	<u>\$ 653,323</u>	<u>\$ 547,732</u>

Consolidated Profit and Loss Statement

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries

	3 Months ended June 30, 2024	3 Months ended June 30, 2023
Revenue	\$ 434,875	\$ 328,792
Profit(loss) before income tax	\$ 23,669	\$ 11,605
Income tax expense	(1,855)	-
Profit (loss) for the year	21,814	11,605
Other comprehensive income(loss)	(400)	(30,600)
Total comprehensive income(loss)	<u>\$ 21,414</u>	<u>(\$ 18,995)</u>

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries

	6 Months ended June 30, 2024	6 Months ended June 30, 2023
Revenue	\$ 684,849	\$ 594,059
Profit(loss) before income tax	\$ 12,069	\$ 7,112
Income tax expense	(2,055)	-
Profit (loss) for the year	10,014	7,112
Other comprehensive income(loss)	(28,225)	(22,802)
Total comprehensive income(loss)	<u>(\$ 18,211)</u>	<u>(\$ 15,690)</u>

Cash flow statement

	CHING CHI INTERNATIONAL LIMITED and its Subsidiaries	
	6 Months ended June 30, 2024	6 Months ended June 30, 2023
Net cash provided by (used in) operating activities	(\$ 19,645)	(\$ 11,821)
Net cash flows from investing activities:	(3,080)	(24,145)
Net cash flows from (used in) financing activities.	(15,952)	(6,014)
Effect of exchange rate changes on cash	(3,399)	126
Net increase (decrease) in cash and cash equivalents	(42,076)	(41,854)
Cash and cash equivalents at beginning of period	184,675	220,425
Cash and cash equivalents at end of period	<u>\$ 142,599</u>	<u>\$ 178,571</u>

(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 June 30, 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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and revolving fund	\$ 1,061	\$ 996	\$ 1,944
Checking account and demand deposits	409,556	471,062	463,866
	<u>\$ 410,617</u>	<u>\$ 472,058</u>	<u>\$ 465,810</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:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Note receivable	\$ 386,474	\$ 326,012	\$ 347,957
Less: Allowance for uncollectable accounts	(24)	(24)	(24)
	386,450	325,988	347,933
Note receivable from related parties (Note7)	28,280	27,036	27,217
	<u>\$ 414,730</u>	<u>\$ 353,024</u>	<u>\$ 375,150</u>
Accounts receivable	\$ 1,203,985	\$ 1,288,028	\$ 754,379
Less: Allowance for uncollectable accounts	(75,924)	(61,824)	(41,405)
	1,128,061	1,226,204	712,974
Accounts receivable from related parties (Note7)	7,601	12,286	11,778
	<u>\$ 1,135,662</u>	<u>\$ 1,238,490</u>	<u>\$ 724,752</u>

	June 30, 2024		December 31, 2023		June 30, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$414,754	\$1,115,193	\$353,048	\$1,214,523	\$375,174	\$679,737
Past due :						
Up to 30 days	-	18,168	-	26,030	-	10,283
31 to 90 days	-	10,487	-	14,194	-	37,210
91 to 180 days	-	24,197	-	7,815	-	11,415
181 days to 1 years	-	18,157	-	28,214	-	20,016
1 to 2 years	-	17,874	-	5,113	-	2,891
Over 2 years	-	7,510	-	4,425	-	4,605
	<u>\$414,754</u>	<u>\$1,211,586</u>	<u>\$353,048</u>	<u>\$1,300,314</u>	<u>\$375,174</u>	<u>\$766,157</u>

The above ageing analysis was based on past due date.

- B. As of June 30, 2024, December 31, 2023 and June 30, 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group does not hold any collateral as security for accounts receivable.
- D. As of June 30, 2024, December 31, 2023 and June 30, 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 \$1,550,392, \$1,591,514 and \$1,099,902, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).
- F. June 30, 2024, December 31, 2023 and June 30, 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 \$30,009 (RMB 6,723 thousand), \$59,589 (RMB 13,786 thousand) and \$17,224 (RMB 4,014 thousand), respectively.
- G. Please refer to Note 6(10) for the information of long-term receivables.

(3) Inventories

	June 30, 2024		
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 314,399	(\$ 36,637)	\$ 277,762
Work in progress	104,354	-	104,354
Finished goods	237,962	(13,841)	224,121
Merchandise	8,610	(1,943)	6,667
Materials and supplies in transit	<u>\$ 665,325</u>	<u>(\$ 52,421)</u>	<u>\$ 612,904</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>

	June 30, 2023		
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 308,811	(\$ 35,027)	\$ 273,784
Work in progress	88,747	-	88,747
Finished goods	283,953	(18,598)	265,355
Merchandise	9,253	(2,321)	6,932
Materials and supplies in transit	1,227	-	1,227
	<u>\$ 691,991</u>	<u>(\$ 55,946)</u>	<u>\$ 636,045</u>

The cost of inventories recognised as expense for the year:

	3 months ended June 30, 2024	3 months ended June 30, 2023
Cost of goods sold	\$ 589,238	\$ 442,311
Loss on decline in market value	(6,576)	693
Others	89,452	75,920
	<u>\$ 672,114</u>	<u>\$ 518,924</u>

	6 months ended June 30, 2024	6 months ended June 30, 2023
Cost of goods sold	\$ 1,055,949	\$ 850,698
Loss on decline in market value	(9,117)	11,340
Others	187,025	161,980
	<u>\$ 1,233,857</u>	<u>\$ 1,024,018</u>

For the 3 months ended and 6 months ended June 30, 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; For the 3 months ended and 6 months ended June 30, 2023, there was no such situation.

(4) Other assets-current

	June 30, 2024	December 31, 2023	June 30, 2023
Prepayment	\$ 59,164	\$ 61,239	\$ 72,819
Guarantee deposits paid-current	4,828	6,065	8,481
Retained tax credit	2,638	10,931	46
Office supplies	1,630	1,539	1,699
Current financial asset at amortised	600	1,127	1,904
Other receivables	478	2,518	1,919
Other	111	870	347
	<u>\$ 69,449</u>	<u>\$ 84,289</u>	<u>\$ 87,215</u>

As of June 30, 2024, December 31, 2023 and June 30, 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 \$1,904; refer to Notes 8 for details.

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

Items	June 30, 2024	December 31, 2023	June 30, 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 June 30, 2024, December 31, 2023 and June 30, 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	-	806	-	806	2,170	3,761	255	242	419	26,224	33,877
Transfers from prepayment for business facilities	-	-	-	-	1,749	-	66	-	-	-	1,815
Depreciation charge	-	(12,261)	(2,279)	(14,540)	(9,905)	(2,550)	(1,489)	(323)	(677)	-	(29,484)
Disposals-cost	-	(9,577)	-	(9,577)	(1,149)	(3,285)	(67)	-	-	-	(14,078)
Disposals-accumulated depreciation	-	9,577	-	9,577	1,149	3,285	67	-	-	-	14,078
Net exchange differences	-	3,954	3,114	7,068	1,921	123	87	-	4	-	9,203
June 30	<u>\$137,865</u>	<u>\$265,047</u>	<u>\$ 66,460</u>	<u>\$331,507</u>	<u>\$ 88,753</u>	<u>\$ 17,767</u>	<u>\$ 10,788</u>	<u>\$ 3,413</u>	<u>\$ 4,275</u>	<u>\$ 45,667</u>	<u>\$ 640,035</u>
<u>June 30, 2024</u>											
Cost	\$137,865	\$550,103	\$ 89,994	\$640,097	\$337,511	\$ 62,678	\$ 29,281	\$ 6,866	\$ 15,278	\$ 45,667	\$ 1,275,243
Accumulated depreciation and impairment	-	(285,056)	(23,534)	(308,590)	(248,758)	(44,911)	(18,493)	(3,453)	(11,003)	-	(635,208)
	<u>\$137,865</u>	<u>\$265,047</u>	<u>\$ 66,460</u>	<u>\$331,507</u>	<u>\$ 88,753</u>	<u>\$ 17,767</u>	<u>\$ 10,788</u>	<u>\$ 3,413</u>	<u>\$ 4,275</u>	<u>\$ 45,667</u>	<u>\$ 640,035</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	-	6,682	-	6,682	14,013	4,134	3,465	-	855	6,410	35,559
Transfers from prepayment for business facilities	-	309	-	309	14,434	-	-	-	-	(10,523)	4,220
Depreciation charge	-	(11,623)	(2,202)	(13,825)	(9,386)	(2,341)	(1,124)	(313)	(572)	-	(27,561)
Disposals-cost	-	(7,443)	-	(7,443)	(39,168)	(4,718)	(2,550)	-	(392)	-	(54,271)
Disposals-accumulated depreciation	-	7,443	-	7,443	37,844	4,718	2,527	-	392	-	52,924
Net exchange differences	-	(2,500)	(477)	(2,977)	(1,167)	(61)	(104)	-	(1)	(302)	(4,612)
June 30	<u>\$137,865</u>	<u>\$264,664</u>	<u>\$ 68,875</u>	<u>\$333,539</u>	<u>\$ 95,671</u>	<u>\$ 11,724</u>	<u>\$ 13,173</u>	<u>\$ 3,807</u>	<u>\$ 4,464</u>	<u>\$ 7,075</u>	<u>\$ 607,318</u>
<u>June 30, 2023</u>											
Cost	\$137,865	\$531,514	\$ 87,204	618,718	\$328,162	\$ 57,886	\$ 32,007	\$ 6,624	\$ 14,079	\$ 7,075	\$ 1,202,416
Accumulated depreciation and impairment	-	(266,850)	(18,329)	(285,179)	(232,491)	(46,162)	(18,834)	(2,817)	(9,615)	-	(595,098)
	<u>\$137,865</u>	<u>\$264,664</u>	<u>\$ 68,875</u>	<u>\$333,539</u>	<u>\$ 95,671</u>	<u>\$ 11,724</u>	<u>\$ 13,173</u>	<u>\$ 3,807</u>	<u>\$ 4,464</u>	<u>\$ 7,075</u>	<u>\$ 607,318</u>

A. For the 6 months ended June 30, 2024 and 2023, 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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 18,927	\$ 18,427	\$ 18,866
Buildings	<u>37,888</u>	<u>35,939</u>	<u>38,415</u>
	<u>\$ 56,815</u>	<u>\$ 54,366</u>	<u>\$ 57,281</u>
	<u>3 Month ended June 30,2024</u>	<u>3 Month ended June 30,2023</u>	
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
Land	\$ 148	\$ 143	
Buildings	<u>1,424</u>	<u>1,363</u>	
	<u>\$ 1,572</u>	<u>\$ 1,506</u>	
	<u>6 Month ended June 30,2024</u>	<u>6 Month ended June 30,2023</u>	
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
Land	\$ 292	\$ 285	
Buildings	<u>2,824</u>	<u>6,618</u>	
	<u>\$ 3,116</u>	<u>\$ 6,903</u>	

C. For the 3 months ended and 6 months ended June 30, 2024 and 2023, the Group has increases in right-of-use assets of \$0, \$0, \$3,701 and \$39,506, respectively.

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

	<u>3 Month ended June 30,2024</u>	<u>3 Month ended June 30,2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 392	\$ 406
Expense on leases of low value assets	94	71
Profit from lease modification	-	-
	<u>6 Month ended June 30,2024</u>	<u>6 Month ended June 30,2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 791	\$ 1,110
Expense on leases of low value assets	210	143
Profit from lease modification	-	3,413

- E. For the 3 months ended and 6 months ended June 30, 2024 and 2023, the Group's total cash outflow for leases were \$1,240, \$340, \$4,225 and \$7,873, 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. For the 3 months ended and 6 months ended June 30, 2024 and 2023, the Group recognised rent income in the amounts of \$6,508, \$2,343, \$11,672 and \$4,467, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Within 1 year	\$ 10,873	\$ 22,029	\$ 10,824
Later than 1 year but not later than 3 years	22,071	38,343	21,648
More than 3 years	129,355	127,709	-
	<u>\$ 162,299</u>	<u>\$ 188,081</u>	<u>\$ 32,472</u>

(10) Long-term receivables

	June 30, 2024	December 31, 2023	June 30, 2023
Total long term account receivable	\$ 542	\$ 785	\$ 1,047
Less: unrealized interest revenue	(10)	(20)	(35)
	<u>\$ 532</u>	<u>\$ 765</u>	<u>\$ 1,012</u>

As of June 30 2024, December 31, 2023 and June 30, 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:

Term	June 30, 2024	December 31, 2023	June 30, 2023
Within 1 year	\$ 532	\$ 507	\$ 499
Later than 1 year but not later than 2 years	-	258	513
Later than 2 year but not later than 3 years	<u>\$ 532</u>	<u>\$ 765</u>	<u>\$ 1,012</u>

- A. As of June 30 2024, December 31, 2023 and June 30, 2023, the Group does not hold any collateral as security for long-term accounts receivable.
- B. As of June 30 2024, December 31, 2023 and June 30, 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 \$532, \$765 and \$1,012, respectively.
- C. Information relating to credit risk of long-term receivables is provided in Note 12(2).

(11) Short-term borrowings

Type of borrowing	June 30, 2024	December 31, 2023	June 30, 2023
Bank unsecured borrowings	\$ 161,223	\$ 153,370	\$ 47,336
Bank secured borrowings	<u>19,385</u>	<u>29,159</u>	<u>87,862</u>
	<u>\$ 180,608</u>	<u>\$ 182,529</u>	<u>\$ 135,198</u>
Interest rate range	<u>0.50%~7.46%</u>	<u>1.60%~7.00%</u>	<u>1.75%~8.00%</u>

A. Interest expense recognised in profit or loss amounted to \$1,443, \$1,431, \$2,715 and \$2,828 for the 3 Month ended and 6 Months ended June 30, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Dividends Payable	\$ 182,766	\$ -	\$ 152,304
Payable on technical service expense	102,903	100,988	74,094
Salaries and wages and year-end bonuses payable	67,324	97,700	58,464
Employees' compensation payable	38,741	40,202	27,773
Payable on machinery and equipment	17,266	5,145	1,457
Business tax payable	12,356	11,760	11,284
Commodity tax payable	11,919	12,604	10,311
Payable on construction	6,430	7,919	8,418
Directors' remuneration payable	6,266	11,501	3,785
Others	<u>52,165</u>	<u>68,774</u>	<u>49,435</u>
	<u>\$ 498,136</u>	<u>\$ 356,593</u>	<u>\$ 397,325</u>

(13) Current provisions

Warranty	2024	2023
January 1	\$ 62,051	\$ 49,160
Additional provisions for the current period	13,567	11,512
Used in the period	(13,396)	(11,588)
Net exchange differences	<u>854</u>	<u>(326)</u>
June 30	<u>\$ 63,076</u>	<u>\$ 48,758</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

Type of borrowing	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2024
Long-term bank borrowings				
Secured borrowings	Borrowing period is from April 2020 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.	2.20%	Land, buildings and structures	\$ 5,000
		8.20%-8.50%	Right-of-use assets	8,947
				<u>13,947</u>
Less: current portion				<u>(13,947)</u>
				<u>\$ -</u>
Type of borrowing	Borrowing period and repayment term	Interest rate range	Collateral	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
				<u>28,411</u>
Less: current portion				<u>(24,746)</u>
				<u>\$ 3,665</u>

Type of borrowing	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 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.	1.95%	Land, buildings and structures	\$ 25,000
	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	8.50%-11.85%	Right-of-use assets	18,565
				<hr/> 43,565
Less: current portion				(<hr/> 29,708)
				<hr/> <hr/> \$ 13,669

A. Interest expense recognized in profit or loss amounted to \$341, \$616, \$592 and \$1,131 for the 3 Month ended and 6 Months ended June 30,2024 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) As of 3 Months ended and 6 Months ended June 30,2024 and 2023, the Group's pension costs recognized in accordance with the above-mentioned method were \$321, \$452, \$642 and \$850, 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 Months ended and 6 Months ended June 30, 2024 and 2023, were \$6,328, \$5,688, \$12,566 and \$11,814, respectively.

(16) Share capital

- A. As of June 30, 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 6 Months ended June 30, 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 6 Months ended June 30, 2024 and 2023 are as follows:

	Share premium	Treasury share transactions	Total
Balance at January 1 (June 30)	\$ 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 June 30, 2024, December 31, 2023 and June 30, 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

		2024		
		Currency translation	Unrealized gains (loses) on valuation	Total
January 1		(\$ 61,618)	(\$ 33,318)	(\$ 94,936)
Currency translation differences				
–Group		23,648	-	23,648
June 30		<u>(\$ 37,970)</u>	<u>(\$ 33,318)</u>	<u>(\$ 71,288)</u>
		2023		
		Currency translation	Unrealized gains (loses) on valuation	Total
January 1		(\$ 48,124)	(\$ 33,318)	(\$ 81,442)
Currency translation differences				
–Group		(13,476)	-	(13,476)
June 30		<u>(\$ 61,600)</u>	<u>(\$ 33,318)</u>	<u>(\$ 94,918)</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:

3 Months ended June 30, 2024					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$ 443,102	\$ 297,455	\$ 18,533	\$ 4,061	\$ 763,151
System integration	58,652	-	-	-	58,652
construction					
Repair and	41,272	33,682	1,864	3,875	80,693
maintenance					
	<u>\$ 543,026</u>	<u>\$ 331,137</u>	<u>\$ 20,397</u>	<u>\$ 7,936</u>	<u>\$ 902,496</u>
Timing of revenue					
recognition					
At appoint in time	\$ 443,102	\$ 297,455	\$ 18,533	\$ 4,061	\$ 763,151
Over time					
	99,924	33,682	1,864	3,875	139,345
	<u>\$ 543,026</u>	<u>\$ 331,137</u>	<u>\$ 20,397</u>	<u>\$ 7,936</u>	<u>\$ 902,496</u>

3 Months ended June 30, 2023					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$ 369,283	\$ 194,451	\$ 10,545	\$ 1,294	\$ 575,573
System integration	56,911	-	-	-	56,911
construction					
Repair and	32,154	18,946	3,042	1,060	55,202
maintenance					
	<u>\$ 458,348</u>	<u>\$ 213,397</u>	<u>\$ 13,587</u>	<u>\$ 2,354</u>	<u>\$ 687,686</u>
Timing of revenue					
recognition					
At appoint in time	\$ 369,283	\$ 194,451	\$ 10,545	\$ 1,294	\$ 575,573
Over time					
	89,065	18,946	3,042	1,060	112,113
	<u>\$ 458,348</u>	<u>\$ 213,397</u>	<u>\$ 13,587</u>	<u>\$ 2,354</u>	<u>\$ 687,686</u>

6 Months ended June 30, 2024					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$ 825,854	\$ 476,091	\$ 47,542	\$ 5,268	\$1,354,755
System integration	149,401	-	-	-	149,401
construction					
Repair and	<u>76,513</u>	<u>42,167</u>	<u>3,156</u>	<u>4,995</u>	<u>126,831</u>
maintenance					
	<u>\$1,051,768</u>	<u>\$ 518,258</u>	<u>\$ 50,698</u>	<u>\$ 10,263</u>	<u>\$1,630,987</u>
Timing of revenue					
recognition					
At appoint in time	\$ 825,854	\$ 476,091	\$ 47,542	\$ 5,268	\$1,354,755
Over time					
	<u>225,914</u>	<u>42,167</u>	<u>3,156</u>	<u>4,995</u>	<u>276,232</u>
	<u>\$1,051,768</u>	<u>\$ 518,258</u>	<u>\$ 50,698</u>	<u>\$ 10,263</u>	<u>\$1,630,987</u>

6 Months ended June 30, 2023					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$ 716,238	\$ 354,146	\$ 22,467	\$ 3,017	\$1,095,868
System integration	122,516	-	-	-	122,516
construction					
Repair and	<u>63,076</u>	<u>48,909</u>	<u>4,805</u>	<u>2,300</u>	<u>119,090</u>
maintenance					
	<u>\$ 901,830</u>	<u>\$ 403,055</u>	<u>\$ 27,272</u>	<u>\$ 5,317</u>	<u>\$1,337,474</u>
Timing of revenue					
recognition					
At appoint in time	\$ 716,238	\$ 354,146	\$ 22,467	\$ 3,017	\$1,095,868
Over time					
	<u>185,592</u>	<u>48,909</u>	<u>4,805</u>	<u>2,300</u>	<u>241,606</u>
	<u>\$ 901,830</u>	<u>\$ 403,055</u>	<u>\$ 27,272</u>	<u>\$ 5,317</u>	<u>\$1,337,474</u>

B. Contract assets and liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract asset :				
System integration construction Contract	\$ 26,304	\$ 85,855	\$ 4,201	\$ 7,589
Contract liabilities :				
Equipment unit contract	\$ 116,116	\$ 153,987	\$ 130,858	\$ 92,351
System integration construction Contract	51,484	9,736	31,704	12,035
	<u>\$ 167,600</u>	<u>\$ 163,723</u>	<u>\$ 162,562</u>	<u>\$ 104,386</u>

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

	3 Months ended June 30, 2024	3 Months ended June 30, 2023
Equipment unit contract	\$ 38,677	\$ 8,770
System integration construction contract	1,586	10,939
	<u>\$ 40,263</u>	<u>\$ 19,709</u>
	6 Months ended June 30, 2024	3 Months ended June 30, 2023
Equipment unit contract	\$ 98,977	\$ 63,070
System integration construction contract	8,566	12,035
	<u>\$ 107,543</u>	<u>\$ 75,105</u>

(c) As of June 30, 2024, the total transaction price allocated to unfulfilled performance obligations amounted to \$148,980. 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 Months ended June 30, 2024	3 Months ended June 30, 2023
Rental income	\$ 6,508	\$ 2,343
Dividend income	1,539	1,434
Gains on doubtful debt recoveries (67)	657
Other	6,276	5,767
	<u>\$ 14,256</u>	<u>\$ 10,201</u>
	6 Months ended June 30, 2024	6 Months ended June 30, 2023
Rental income	\$ 11,672	\$ 4,467
Dividend income	1,539	1,434
Gains on doubtful debt recoveries	479	3,624
Other	8,169	8,475
	<u>\$ 21,859</u>	<u>\$ 18,000</u>

(22) Other gains and losses

	<u>3 Months ended June 30,2024</u>	<u>3 Months ended June 30,2023</u>
Profit from exchange	\$ 943	\$ 2,386
Gains (losses)on disposals of property, plants and equipment	22	590
Lessees modification	-	-
Others	(314)	(1,946)
	<u>\$ 651</u>	<u>\$ 1,030</u>
	<u>6 Months ended June 30,2024</u>	<u>6 Months ended June 30,2023</u>
Profit from exchange	\$ 2,647	\$ 2,550
Gains (losses)on disposals of property, plants and equipment	594	1,420
Lessees modification	-	3,413
Others	(515)	(2,000)
	<u>\$ 2,726</u>	<u>\$ 5,383</u>

(23) Expenses by nature

	<u>3 Months ended June 30,2024</u>	<u>3 Months ended June 30,2023</u>
Employee benefits expenses	\$ 122,988	\$ 110,823
Depreciation charge	16,320	15,186
Amortization charge	708	729
	<u>\$ 140,016</u>	<u>\$ 126,738</u>
	<u>6 Months ended June 30,2024</u>	<u>6 Months ended June 30,2023</u>
Employee benefits expenses	\$ 231,488	\$ 216,265
Depreciation charge	32,600	34,464
Amortization charge	1,420	1,507
	<u>\$ 265,508</u>	<u>\$ 252,236</u>

(24) Employee benefit expense

	<u>3 Months ended March 31,2024</u>	<u>3 Months ended March 31,2023</u>
Wages and salaries	\$ 95,213	\$ 88,915
Labor and health insurance fees	9,168	8,634
Pension costs	6,649	6,140
Directors' emoluments	4,645	2,629
Other personnel expenses	7,313	4,505
	<u>\$ 122,988</u>	<u>\$ 110,823</u>

	6 Months ended June 30,2024	6 Months ended June 30,2023
Wages and salaries	\$ 180,691	\$ 172,422
Labor and health insurance fees	19,212	18,361
Pension costs	13,208	12,664
Directors' emoluments	7,140	4,637
Other personnel expenses	11,237	8,181
	<u>\$ 231,488</u>	<u>\$ 216,265</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 Months ended and 6 Months ended June 30,2024 and 2023, employees' compensation was accrued at \$7,689, \$4,145, \$11,669 and \$6,632, respectively; while directors' remuneration was accrued at \$3,295, \$1,776, \$5,001 and \$2,842, 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 6 Months ended June 30,2024.

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 Months ended June 30, 2024</u>	<u>3 Months ended June 30,2023</u>
Current income tax:		
Income tax on profits	\$ 19,089	\$ 7,635
Undistributed surplus earnings	1,667	3,919
Prior year income tax underestimation	575	(73)
Total income tax for the current portion	<u>21,331</u>	<u>11,481</u>
Deferred tax:		
Origination and reversal of temporary differences	4,525	4,294
Income tax expense	<u>\$ 25,856</u>	<u>\$ 15,775</u>
	<u>6 Months ended June 30, 2024</u>	<u>6 Months ended June 30,2023</u>
Current income tax:		
Income tax on profits	\$ 33,709	\$ 18,329
Undistributed surplus earnings	1,667	3,919
Prior year income tax underestimation	782	(5)
Total income tax for the current portion	<u>36,158</u>	<u>22,243</u>
Deferred tax:		
Origination and reversal of temporary differences	4,676	1,969
Income tax expense	<u>\$ 40,834</u>	<u>\$ 24,212</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

	3 Months ended June 30, 2024		
	Earnings per share	Weighted average number of shares outstanding (in thousands)	Earning per share
<u>Basic Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 87,737</u>	<u>76,152</u>	<u>\$ 1.15</u>
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 87,737	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	<u>-</u>	<u>256</u>	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	<u>\$ 87,737</u>	<u>76,408</u>	<u>\$ 1.15</u>
	3 Months ended June 30, 2023		
	Earnings per share	Weighted average number of shares outstanding (in thousands)	Earning per share
<u>Basic Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 47,359</u>	<u>76,152</u>	<u>\$ 0.62</u>
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 47,359	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	<u>-</u>	<u>202</u>	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	<u>\$ 47,359</u>	<u>76,354</u>	<u>\$ 0.62</u>

6Months ended June 30, 2024			
	Earnings per share	Weighted average number of shares outstanding (in thousands)	Earning per share
<u>Basic Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 135,005</u>	<u>76,152</u>	<u>\$ 1.77</u>
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 135,005	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	518	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	<u>\$ 135,005</u>	<u>76,670</u>	<u>\$ 1.76</u>
6 Months ended June 30, 2023			
	Earnings per share	Weighted average number of shares outstanding (in thousands)	Earning per share
<u>Basic Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 79,118</u>	<u>76,152</u>	<u>\$ 1.04</u>
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 79,118	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	447	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	<u>\$ 79,118</u>	<u>76,599</u>	<u>\$ 1.03</u>

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>6 Months ended June 30, 2024</u>	<u>6 Months ended June 30, 2023</u>
Purchase of property, plant and equipment	\$ 33,877	\$ 35,559
Add: Opening balance of payable on Equipment	5,145	3,618
Less: Ending balance of payable on Equipment	(17,266)	(1,457)
Cash paid	<u>\$ 21,756</u>	<u>\$ 37,720</u>

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

	<u>6 Months ended June 30, 2024</u>	<u>6 Months ended June 30, 2023</u>
Prepayment for equipment transferred to property and plant and equipment	\$ 1,815	\$ 4,220
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>\$ 13,947</u>	<u>\$ 29,896</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	June 30, 2024
Short-term borrowing	\$ 182,529	(\$ 4,245)	\$ 2,324	\$ 180,608
Long-term borrowings (Note 1)	28,411	(15,106)	642	13,947
Lease liabilities (Note 2)	<u>36,900</u>	<u>(3,224)</u>	<u>5,642</u>	<u>39,318</u>
Liabilities from financing activities-gross	<u>\$ 247,840</u>	<u>(\$ 22,575)</u>	<u>\$ 8,608</u>	<u>\$ 233,873</u>

	January 1,2023	Changes in cash flow from financing activities	Changes in non- cash	June 30, 2023
Short-term borrowing	\$ 244,786	(\$ 109,281)	(\$ 307)	\$ 135,198
Long-term borrowings (Note 1)	58,658	(14,948)	(145)	43,565
Lease liabilities (Note 2)	<u>27,337</u>	<u>(6,620)</u>	<u>18,233</u>	<u>38,950</u>
Liabilities from financing activities-gross	<u>\$ 330,781</u>	<u>(\$ 130,849)</u>	<u>\$ 17,781</u>	<u>\$ 217,713</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

	<u>3 Months ended June 30,2024</u>	<u>3 Months ended June 30,2023</u>
Sales of goods:		
Individuals with significant influence		
TECO Electric & Machinery	\$ 6,422	\$ 15,222
Others	<u>7,653</u>	<u>1,410</u>
	<u>\$ 14,075</u>	<u>\$ 16,632</u>
	<u>6 Months ended June 30,2024</u>	<u>6 Months ended June 30,2023</u>
Sales of goods:		
Individuals with significant influence		
TECO Electric & Machinery	\$ 18,892	\$ 30,307
Others	<u>9,745</u>	<u>1,757</u>
	<u>\$ 28,637</u>	<u>\$ 32,064</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

	<u>3 Months ended June 30,2024</u>	<u>3 Months ended June 30,2023</u>
Purchases of goods:		
Individuals with significant influence	<u>\$ 1,224</u>	<u>\$ 736</u>
	<u>6 Months ended June 30,2024</u>	<u>6 Months ended June 30,2023</u>
Purchases of goods:		
Individuals with significant influence	<u>\$ 1,303</u>	<u>\$ 2,071</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable:			
Entities with significant influence			
TECO Electric & Machinery	<u>\$ 28,280</u>	<u>\$ 27,036</u>	<u>\$ 27,217</u>
Accounts receivable:			
Entities with significant influence			
TECO Electric & Machinery	1,603	10,307	11,431
Others	<u>5,998</u>	<u>1,979</u>	<u>347</u>
	<u>7,601</u>	<u>12,286</u>	<u>11,778</u>
Total	<u>\$ 35,881</u>	<u>\$ 39,322</u>	<u>\$ 38,995</u>

D. Payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes payable:			
Entities with significant influence	<u>\$ 25</u>	<u>\$ 69</u>	<u>\$ 56</u>
Accounts payable:			
Entities with significant influence	<u>1,260</u>	<u>193</u>	<u>890</u>
Total	<u>\$ 1,285</u>	<u>\$ 262</u>	<u>\$ 946</u>

(3) Key management compensation

	<u>3 Months ended March 31,2024</u>	<u>3 Months ended March 31,2023</u>
Salaries and other short-term employee benefits	<u>\$ 10,234</u>	<u>\$ 7,796</u>
Post-employment benefits	<u>62</u>	<u>71</u>
	<u>\$ 10,296</u>	<u>\$ 7,867</u>
	<u>3 Months ended March 31,2024</u>	<u>3 Months ended March 31,2023</u>
Salaries and other short-term employee benefits	<u>\$ 23,534</u>	<u>\$ 20,399</u>
Post-employment benefits	<u>123</u>	<u>117</u>
	<u>\$ 23,657</u>	<u>\$ 20,516</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	June 30,2024	December 31, 2023	June 30,2023	
Pledged time deposits (note 1)	\$ 600	\$ 1,727	\$ 1,904	Advance payment bonds issued by banks
Guarantee deposits paid - current (note 2)	4,828	6,065	8,481	Guarantee for bids
Land	96,150	96,150	96,150	Line of credit for long-term and short-term borrowing
Buildings and structure, net	145,109	125,728	154,877	Line of credit for long-term and short-term borrowing
Right-of-use assets, net	13,089	12,689	13,087	Line of credit for long-term and short-term borrowing
Guarantee deposits paid	14,181	15,182	20,900	Construction performance bond or maintenance bond
	<u>\$ 273,957</u>	<u>\$ 257,541</u>	<u>\$ 295,399</u>	

note 1: Financial assets at amortised cost, shown as 'other current assets, others' or 'other non-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:

	June 30,2024	December 31, 2023	June 30,2023
Performance guarantee	<u>\$ 59,862</u>	<u>\$ 61,510</u>	<u>\$ 71,578</u>

- (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:

	June 30,2024	December 31, 2023	June 30,2023
Guaranteed amount provided by the bank	<u>\$ 37,389</u>	<u>\$ 63,426</u>	<u>\$ 40,649</u>

- (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:

	June 30,2024	December 31, 2023	June 30,2023
Outsourcing construction	\$ 110,018	\$ 190,950	\$ 160,901
Property, plant and equipment	<u>38,162</u>	<u>8,683</u>	<u>3,610</u>
	<u>\$ 148,180</u>	<u>\$ 199,633</u>	<u>\$ 164,511</u>

- (5) As of June 30,2024, December 31, 2023, the Group's unused letters of credit for the import of raw materials were USD 16 thousand, USD 91 thousand, respectively. None such situation as of June 30,2023.

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

	June 30,2024	December 31, 2023	June 30,2023
<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	\$ 410,617	\$ 472,058	\$ 465,810
Financial assets at amortised cost (note 1)	600	1,727	1,904
Notes receivable (including related parties)	414,730	353,024	375,150
Accounts receivable (including related parties)	1,135,662	1,238,490	724,752
Other receivables (note 1)	478	2,518	1,919
Guarantee deposits paid (including current) (note 1)	19,009	21,247	29,381
Long-term accounts receivable	532	765	1,012
	\$ 1,981,628	\$ 2,089,829	\$ 1,599,928
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 180,608	\$ 182,529	\$ 135,198
Notes payable	18,572	129,014	5,642
Accounts payable	576,843	721,247	513,416
Other payables	498,136	356,593	397,325
Long-term borrowings (including current portion)	13,947	28,411	43,565
Guarantee deposits received (including current portion) (note 2)	-	42,991	2,990
	\$ 1,288,106	\$ 1,460,785	\$ 1,098,136
Lease liability (including non-current)	\$ 39,318	\$ 36,900	\$ 38,950

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:

	June 30,2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 7,015	7.27	227,637
USD:NTD	268	32.45	8,697
Non-monetary items (note)	763	4.45	3,392
USD:NTD	21,688	32.45	690,083
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,097	32.45	35,598
USD:VND	569	23,830	18,464

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
(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)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 515	31.14	\$ 16,037
USD:NTD	149	7.26	4,640
Non-monetary items (note)			
USD:NTD	19,115	31.14	586,631
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	759	23,600	23,635
USD:NTD	186	31.14	5,792

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 and 6 Months ended June 30, 2024 and 2023, amounted to \$943, \$2,386, \$2,647 and \$2,550, respectively.

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

6 Months ended June 30,2024

	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%	\$ 2,276	\$ -
USD:NTD	1%	87	-
RMB:NTD	1%	34	-
Non-monetary items (Note)			
USD:NTD	1%	-	6,901
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	356	-
USD:VND	1%	185	-

6 Months ended June 30,2023

	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:NTD	1%	\$ 160	\$ -
USD:RMB	1%	46	-
Non-monetary items (Note)			
USD:NTD	1%	-	5,866
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	236	-
USD:VND	1%	58	-

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 June 30, 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 6 Months ended June 30, 2024 and 2023 would have decreased by \$139 and \$436, 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group's written-off financial assets that are still under recourse procedures amounted to \$40,757, \$46,250 and \$44,356, 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 June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

		Past due						
		181 days to 1						
		Not past due	Up to 30 days	31 to 90 days	91 to 180 days	year	1 to 2 year(s)	Over 2 years
June 30, 2024		0.31%~	0.67%~	0.99%~	4.74%~	8.75%~	13.75%~	100%
		3.33%	10.49%	43.76%	64.61%	75.89%	81.70%	
December 31, 2023		0.16%~	0.37%~	0.53%~	2.91%~	6.91%~	11.91%~	100%
		3.31%	10.5%	41.5%	63.01%	73.73%	78.93%	
June 30,2023		0.16%~	0.37%~	0.53%~	2.91%~	6.91%~	11.91%~	100%
		3.30%	10.30%	40.91%	61.82%	73.63%	79.51%	

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	12,592	-	-
Write-offs	(73)	-	-
Effect of	1,581	-	-
At June 30	<u>\$ 75,924</u>	<u>\$ 24</u>	<u>\$ -</u>
2023			
	Account receivable	Note receivable	Contract assets
At January 1	\$ 36,669	\$ 24	\$ -
Reversal of impairment loss	5,821	-	-
Write-offs	(175)	-	-
Effect of	(910)	-	-
At June 30	<u>\$ 41,405</u>	<u>\$ 24</u>	<u>\$ -</u>

For the 3 Months ended and 6 Months ended June 30, 2024 and 2023, the impairment gains (losses) arising from customers' contracts amounts to \$3,438, \$3,050, \$12,592 and \$5,821, 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

June 30, 2024					
	Less than 3 Monthss	Between 3 Monthss and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowing	\$ 121,081	\$ 60,431	\$ -	\$ -	\$ -
Notes payable	18,539	33	-	-	-
Accounts payable	480,726	96,117	-	-	-
Other payables	296,851	201,285	-	-	-
Lease liability	2,888	3,337	6,214	18,817	14,017
Long-term borrowing (including current portion)	7,715	6,547	-	-	-
	<u>\$ 927,800</u>	<u>\$ 367,750</u>	<u>\$ 6,214</u>	<u>\$18,817</u>	<u>\$14,017</u>

Derivative financial liabilities: None.

December 31, 2023					
	Less than 3 Monthss	Between 3 Monthss and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5years
<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.

June 30, 2023					
	Less than 3 Monthss	Between 3 Monthss and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowing	\$ 110,673	\$ 25,355	\$ -	\$ -	\$ -
Notes payable	5,642	-	-	-	-
Accounts payable	398,057	115,359	-	-	-
Other payables	266,275	131,050	-	-	-
Lease liability	2,768	3,047	5,249	15,957	18,977
Long-term borrowing (including current portion)	8,016	23,515	14,034	-	-
	<u>\$ 791,431</u>	<u>\$ 298,326</u>	<u>\$19,283</u>	<u>\$15,957</u>	<u>\$18,977</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 June 30,2024, December 31, 2023 and June 30,2023 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 6 Months ended June 30, 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

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Group's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. 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.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. 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

- A. Basic information: Please refer to table 7.
- B. 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 Months ended June 30,2024						
	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 543,026	\$ 331,137	\$ 20,397	\$ 7,936	\$ -	\$ 902,496
Internal segment revenue	<u>302,338</u>	<u>103,737</u>	<u>-</u>	<u>-</u>	<u>(406,075)</u>	<u>-</u>
Total segment revenue	<u>\$ 845,364</u>	<u>\$ 434,874</u>	<u>\$ 20,397</u>	<u>\$ 7,936</u>	<u>(\$ 406,075)</u>	<u>\$ 902,496</u>
Segment profit and loss	<u>\$ 90,812</u>	<u>\$ 16,773</u>	<u>\$ 3,885</u>	<u>(\$ 647)</u>	<u>(\$ 7,179)</u>	<u>\$ 103,644</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 7,423</u>	<u>\$ 7,563</u>	<u>\$ 2,015</u>	<u>\$ 27</u>		<u>\$ 17,028</u>

3 Months ended June 30,2023

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 458,348	\$ 213,397	\$ 13,587	\$ 2,354	\$ -	\$ 687,686
Internal segment revenue	<u>246,986</u>	<u>115,394</u>	<u>62</u>	<u>-</u>	<u>(362,442)</u>	<u>-</u>
Total segment revenue	<u>\$ 705,334</u>	<u>\$ 328,791</u>	<u>\$ 13,649</u>	<u>\$ 2,354</u>	<u>(\$ 362,442)</u>	<u>\$ 687,686</u>
Segment profit and loss	<u>\$ 49,528</u>	<u>\$ 7,340</u>	<u>(\$ 117)</u>	<u>\$ 860</u>	<u>(\$ 2,593)</u>	<u>\$ 55,018</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 7,665</u>	<u>\$ 6,510</u>	<u>\$ 1,738</u>	<u>\$ 2</u>		<u>\$ 15,915</u>

6 Months ended June 30,2024

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 1,051,768	\$ 518,258	\$ 50,698	\$ 10,263	\$ -	\$1,630,987
Internal segment revenue	<u>569,120</u>	<u>166,590</u>	<u>-</u>	<u>-</u>	<u>(735,710)</u>	<u>-</u>
Total segment revenue	<u>\$ 1,620,888</u>	<u>\$ 684,848</u>	<u>\$ 50,698</u>	<u>\$ 10,263</u>	<u>(\$ 735,710)</u>	<u>\$ 1,630,987</u>
Segment profit and loss	<u>\$ 160,317</u>	<u>(\$ 2,435)</u>	<u>\$ 7,838</u>	<u>(\$ 1,736)</u>	<u>(\$ 8,140)</u>	<u>\$ 155,844</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 14,971</u>	<u>\$ 15,022</u>	<u>\$ 3,973</u>	<u>\$ 54</u>		<u>\$ 34,020</u>
Segment assets	<u>\$ 1,922,710</u>	<u>\$ 1,336,182</u>	<u>\$ 177,489</u>	<u>\$ 13,903</u>		<u>\$3,450,284</u>
Segment liabilities	<u>\$ 983,493</u>	<u>\$ 694,624</u>	<u>\$ 42,990</u>	<u>\$ 8,470</u>		<u>\$1,729,577</u>

6 Months ended June 30,2023

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 901,830	\$ 403,055	\$ 27,272	\$ 5,317	\$ -	\$1,337,474
Internal segment revenue	<u>476,794</u>	<u>191,003</u>	<u>62</u>	<u>-</u>	<u>(667,859)</u>	<u>-</u>
Total segment revenue	<u>\$ 1,378,624</u>	<u>\$ 594,058</u>	<u>\$ 27,334</u>	<u>\$ 5,317</u>	<u>(\$ 667,859)</u>	<u>\$ 1,337,474</u>
Segment profit and loss	<u>\$ 97,206</u>	<u>(\$ 4,875)</u>	<u>(\$ 3,296)</u>	<u>\$ 875</u>	<u>(\$ 5,177)</u>	<u>\$ 84,733</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 15,727</u>	<u>\$ 16,764</u>	<u>\$ 3,476</u>	<u>\$ 4</u>		<u>\$ 35,971</u>
Segment assets	<u>\$ 1,660,718</u>	<u>\$ 1,179,056</u>	<u>\$ 182,698</u>	<u>\$ 12,956</u>		<u>\$3,035,428</u>
Segment liabilities	<u>\$ 789,918</u>	<u>\$ 637,202</u>	<u>\$ 54,942</u>	<u>\$ 6,139</u>		<u>\$1,488,201</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:

	3 Months ended June 30	
	2024	2023
Reportable segments profit and loss	\$ 103,644	\$ 55,018
Non-operating income and expenses	<u>14,055</u>	<u>10,008</u>
Profit before tax and continued operations	<u>\$ 117,699</u>	<u>\$ 65,026</u>
	6 Months ended June 30	
	2024	2023
Reportable segments profit and loss	\$ 155,844	\$ 84,733
Non-operating income and expenses	<u>22,206</u>	<u>20,031</u>
Profit before tax and continued operations	<u>\$ 178,050</u>	<u>\$ 104,764</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 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	\$19,500	\$19,440	-	--	Note 1(2)	-	Working capital	-	None-	-	\$160,150	\$640,601	

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	June 30, 2024				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	\$540,245	63%	According to the agreement of both parties	Note	Note	\$303,933	60%	
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Fellow subsidiary	Sale	125,790	71%	-	-	-	193,272	93%	

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	\$303,933	3.88%	\$-	-	\$87,622	\$-	None
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Fellow subsidiary	193,272	1.29%	-	-	31,022	-	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	\$540,245	According to the agreement of both parties	33%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Accounts receivable - related party	303,933	According to the agreement of both parties	9%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Management services revenue	14,993	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Other receivables	10,495	According to the agreement of both parties	-
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	1	Purchase	20,254	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	1	Accounts Payable-related party	20,166	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	1	Purchase	11,776	According to the agreement of both parties	1%

1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Purchase	125,790	According to the agreement of both parties	8%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Accounts Payable- related party	130,222	According to the agreement of both parties	4%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Accounts Payable- related party	63,050	According to the agreement of both parties	2%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Obtain right-of-use assets	23,325	According to the agreement of both parties	1%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Lease liability	19,434	According to the agreement of both parties	1%

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
				June 30,2024	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	\$552,765	\$ 10,014	\$ 2,533	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	182,810	92,390	92,390	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	KLEAN AIR ENTERPRISE LTD.	Samoa	Invest in other region	138,046	138,046	4,401,000	100	133,279	3,543	3,543	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	Yi Kee Industrial Co., Ltd.	Taiwan	General manufacturing	7,073	7,073	-	70	11,147	1,696	1,187	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	131,453	5,389	-	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	2,767	(1,867)	-	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	28	(1,867)	-	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 June 30, 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 June 30, 2024	Accumulated investment income repatriated to Taiwan as of June 30, 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	(\$ 173)	83	(\$ 3,881)	\$ 314,921	\$ 52,973	Note 2, Note 3
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturing	272,443	2	58,649	-	-	58,649	912	83	6,402	242,265	-	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	(3,838)	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	\$ 423,867	\$ 1,032,424	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>collateral</u>		<u>Financing</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>interest rate</u>	<u>Current</u>	<u>other</u>
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	(\$ 11,776)	1%	\$ -	-	(\$ 5,789)	1%	\$ -	-	\$ -	\$ -	-	\$ -	-
KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	(20,254)	1%	-	-	(20,166)	2%	-	-	-	-	-	-	-

Table 9. Major shareholders

Shareholder's Name	shares	
	Shareholding Amount	Percentage
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).