

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

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

For the 9 Months Ended September 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.

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CONSOLIDATED FINANCIAL STATEMENTS

with Independent Auditors' Report

For the 9 Months Ended September 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 September 30, 2024 and 2023, the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the 3-month and 9-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 9 months ended September 30, 2024 and 2023, those statements reflect total assets of \$215,461 thousand and \$216,313 thousand, constituting 6% and 7% of the consolidated total assets, and total liabilities of \$55,209 thousand and \$66,554, thousand, constituting 3% and 4% of the consolidated total liabilities; the total comprehensive income for the 3 months and 9 months ended September 30, 2024 and 2023, were \$(2,838) thousand, \$(2,823) thousand, \$8,367 thousand and \$(5,537) thousand, constituting (3%), (4%), 3% 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 9 months ended September 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the 3 months and 9 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
November 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 9 months ended September 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

Assets		Note	September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
Current assets:								
1100	Cash and cash equivalents	6(1)	\$ 684,116	20	\$ 472,058	13	\$ 469,275	15
1140	Contract Assets - Current	6(20)	45,535	1	85,855	2	19,553	1
1150	Net Notes Receivable	6(2)	339,914	10	325,988	9	337,684	10
1160	Notes Receivable - Related Parties, 6(2) and 7							
	Net		17,495	1	27,036	1	34,102	1
1170	Net Accounts Receivable	6(2)	865,250	25	1,226,204	34	764,338	24
1180	Accounts Receivable - Related Parties, Net	6(2) and 7	7,124	-	12,286	-	5,828	-
130X	Inventory	6(3)	609,729	18	645,562	18	752,213	23
1479	Other Current Assets - Other	6(4) and 8	81,899	2	84,289	2	111,471	3
11XX	Total Current Assets		<u>2,651,062</u>	<u>77</u>	<u>2,879,278</u>	<u>79</u>	<u>2,494,464</u>	<u>77</u>
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	646,728	19	624,624	17	614,293	19
1755	Right-of-Use Assets	6(8) and 8	55,543	2	54,366	2	57,375	2
1780	Intangible Assets		5,310	-	7,135	-	7,137	-
1840	Deferred Tax Assets		32,097	1	35,012	1	27,725	1
1920	Deposits for Guarantees	8	14,456	-	15,182	-	18,166	1
1930	Long-term Notes and Accounts Receivable	6(10)	386	-	765	-	889	-
1990	Other Non-current Assets - Other	8	26,409	1	21,161	1	15,749	-
15XX	Total Non-current Assets		<u>790,688</u>	<u>23</u>	<u>768,004</u>	<u>21</u>	<u>751,093</u>	<u>23</u>
1XXX	Total Assets		<u>\$ 3,441,750</u>	<u>100</u>	<u>\$ 3,647,282</u>	<u>100</u>	<u>\$ 3,245,557</u>	<u>100</u>

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Balance Sheets

For the 9 months ended September 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

Liabilities and equity		Note	September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
Current liabilities:								
2100	Short-term borrowings	6(11) and 8	\$ 319,539	9	\$ 182,529	5	\$ 149,539	5
2130	Current portion of contract liabilities	6(20)	198,296	6	163,723	4	235,367	7
2150	Accounts payable notes	7	20,635	1	129,014	3	48,987	1
2170	Accounts payable	7	489,662	14	721,247	20	630,156	19
2200	Other payables	6(12)	338,218	10	356,593	10	276,107	9
2230	Current income tax liabilities		30,040	1	46,528	1	8,673	-
2250	Current portion of liabilities	6(13)	58,934	2	62,051	2	49,060	2
2280	Current lease liabilities		4,928	-	4,032	-	4,647	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	6,258	-	24,746	1	30,193	1
2399	Other current liabilities - Other		5,192	-	40,902	1	3,862	-
21XX	Current Assets		<u>1,471,702</u>	<u>43</u>	<u>1,731,365</u>	<u>47</u>	<u>1,436,591</u>	<u>44</u>
Non-current liabilities:								
2540	Long-term borrowings	6(14) and 8	-	-	3,665	-	6,381	-
2570	Deferred income tax liabilities		69,676	2	71,101	2	58,665	2
2580	Non-current lease liabilities		32,207	1	32,868	1	32,952	1
2640	Net defined benefit liabilities - Non-current	6(15)	58,866	2	64,077	2	59,679	2
2645	Deposits received for guarantees		3,512	-	2,945	-	25,174	1
25XX	Total non-current liabilities		<u>164,261</u>	<u>5</u>	<u>174,656</u>	<u>5</u>	<u>182,851</u>	<u>6</u>
2XXX	Total liabilities		<u>1,635,963</u>	<u>48</u>	<u>1,906,021</u>	<u>52</u>	<u>1,619,442</u>	<u>50</u>
Equity								
Equity attributable to owners of the parent company								
Capital		6(16)						
3110	Ordinary shares capital		761,524	22	761,524	21	761,524	23
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	8
3320	Special surplus reserve		94,936	3	81,442	2	81,442	3
3350	Undistributed profits		476,665	14	481,113	13	358,755	11
Other equity		6(19)						
3400	Other equity		(68,395)	(2)	(94,936)	(3)	(77,293)	(2)
31XX	Total equity attributable to owners of the parent company		<u>1,686,711</u>	<u>49</u>	<u>1,625,615</u>	<u>45</u>	<u>1,520,900</u>	<u>47</u>
36XX	Non-controlling interests	4(3)	<u>119,076</u>	<u>3</u>	<u>115,646</u>	<u>3</u>	<u>105,215</u>	<u>3</u>
3XXX	Total Equity		<u>1,805,787</u>	<u>52</u>	<u>1,741,261</u>	<u>48</u>	<u>1,626,115</u>	<u>50</u>
Significant contingent liabilities and unrecognized contractual commitments		9						
3X2X	Significant subsequent events		<u>\$ 3,441,750</u>	<u>100</u>	<u>\$ 3,647,282</u>	<u>100</u>	<u>\$ 3,245,557</u>	<u>100</u>

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Comprehensive Income
For the 9Months Ended September 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar, except for Per share)

	Assets	Note	3 Months Ended September 30, 2024		3 Months Ended September 30, 2023		9 Months Ended September 30, 2024		9 Months Ended September 30, 2023	
			<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
4000	Operating revenues	6(20) and 7	\$ 945,894	100	\$ 892,760	100	\$ 2,576,881	100	\$ 2,230,234	100
5000	Operating costs	6(3)(23)(24) and 7	(713,322)	(75)	(726,219)	(81)	(1,947,179)	(75)	(1,750,237)	(78)
5900	Gross profit from operations		<u>232,572</u>	<u>25</u>	<u>166,541</u>	<u>19</u>	<u>629,702</u>	<u>25</u>	<u>479,997</u>	<u>22</u>
	Operating expenses	6(23)(24)								
6100	Selling expenses		(54,564)	(6)	(54,655)	(6)	(163,886)	(6)	(162,243)	(7)
6200	General and administrative expenses		(58,779)	(6)	(38,950)	(4)	(143,653)	(6)	(121,451)	(6)
6300	Research and development expenses		(18,074)	(2)	(15,585)	(2)	(52,572)	(2)	(48,398)	(2)
6450	Expected credit impairment loss	12(2)	(6,414)	(1)	3,634	-	(19,006)	(1)	(2,187)	-
6000	Total operating expenses		<u>(137,831)</u>	<u>(15)</u>	<u>(105,556)</u>	<u>(12)</u>	<u>(379,117)</u>	<u>(15)</u>	<u>(334,279)</u>	<u>(15)</u>
6900	Net operating income		<u>94,741</u>	<u>10</u>	<u>60,985</u>	<u>7</u>	<u>250,585</u>	<u>10</u>	<u>145,718</u>	<u>7</u>
	Non-operating income and expenses									
7100	Interest income		394	-	1,859	-	2,113	-	3,576	-
7010	Other income	6(21)	10,970	1	10,860	1	32,829	1	28,860	1
7020	Other gains and losses	6(22)	2,455)	-	442	-	271	-	5,825	-
7050	Finance costs	6(8)(11)(14)	(2,549)	-	(1,939)	-	(6,647)	-	(7,008)	-
7000	Total non-operating income and expenses		<u>6,360</u>	<u>1</u>	<u>11,222</u>	<u>1</u>	<u>28,566</u>	<u>1</u>	<u>31,253</u>	<u>1</u>
7900	Profit before income tax from continuing operations		<u>101,101</u>	<u>11</u>	<u>72,207</u>	<u>8</u>	<u>279,151</u>	<u>11</u>	<u>176,971</u>	<u>8</u>
7950	Income tax expense	6(25)	(20,054)	(2)	(13,754)	(1)	(60,888)	(2)	(37,966)	(2)
8200	Net Profit		<u>\$ 81,047</u>	<u>9</u>	<u>\$ 58,453</u>	<u>7</u>	<u>\$ 218,263</u>	<u>9</u>	<u>\$ 139,005</u>	<u>6</u>
	Other comprehensive income									
	Items that will be reclassified to profit or loss:									
8361	Foreign Exchange Differences on Translation of Financial Statements of Foreign Operations		<u>\$ 4,033</u>	<u>-</u>	<u>\$ 20,435</u>	<u>2</u>	<u>\$ 31,302</u>	<u>1</u>	<u>\$ 4,355</u>	<u>-</u>
8300	Other comprehensive income, net		<u>\$ 4,033</u>	<u>-</u>	<u>\$ 20,435</u>	<u>2</u>	<u>\$ 31,302</u>	<u>1</u>	<u>\$ 4,355</u>	<u>-</u>
8500	Comprehensive income		<u>\$ 85,080</u>	<u>9</u>	<u>\$ 78,888</u>	<u>9</u>	<u>\$ 249,565</u>	<u>10</u>	<u>\$ 143,360</u>	<u>6</u>
	Net Profit (Loss) Attributable to:									
8610	Parent Company Owners		\$ 82,316	9	\$ 53,626	6	\$ 217,321	9	\$ 132,744	6
8620	Non-controlling Interests		(1,269)	-	4,827	1	942	-	6,261	-
	Total		<u>\$ 81,047</u>	<u>9</u>	<u>\$ 58,453</u>	<u>7</u>	<u>\$ 218,263</u>	<u>9</u>	<u>\$ 139,005</u>	<u>6</u>
	Total Comprehensive Income (Loss) Attributable to:									
8710	Parent Company Owners		\$ 85,209	9	\$ 71,251	8	\$ 243,862	10	\$ 136,893	6
8720	Non-controlling Interests		(129)	-	7,637	1	5,703	-	6,467	-
	Total		<u>\$ 85,080</u>	<u>9</u>	<u>\$ 78,888</u>	<u>9</u>	<u>\$ 249,565</u>	<u>10</u>	<u>\$ 143,360</u>	<u>6</u>
	Earnings Per Share:	6(26)								
9750	Basic		<u>\$ 1.08</u>		<u>\$ 0.70</u>		<u>\$ 2.85</u>		<u>\$ 1.74</u>	
9850	Diluted		<u>\$ 1.08</u>		<u>\$ 0.70</u>		<u>\$ 2.84</u>		<u>\$ 1.73</u>	

KUEEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Changes in Equity
For the 9 Months Ended September 30, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

		Equity attributable to owners of parent									
		Retained earnings					Other equity interest				
	Note	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
<u>For the 9 Months Ended September 30, 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		-	-	-	-	132,744	-	-	132,744	6,261	139,005
Current Period Other Comprehensive Income	6(19)	-	-	-	-	-	4,149	-	4,149	206	4,355
Total Comprehensive Income for the Period		-	-	-	-	132,744	4,149	-	136,893	6,467	143,360
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 September 30, 2023		<u>\$ 761,524</u>	<u>\$ 128,616</u>	<u>\$ 267,856</u>	<u>\$ 81,442</u>	<u>\$ 358,755</u>	<u>(\$ 43,975)</u>	<u>(\$ 33,318)</u>	<u>\$ 1,520,900</u>	<u>\$ 105,215</u>	<u>\$ 1,626,115</u>
<u>For the 9 Months Ended September 30, 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		-	-	-	-	217,321	-	-	217,321	942	218,263
Current Period Other Comprehensive Income	6(19)	-	-	-	-	-	26,541	-	26,541	4,761	31,302
Total Comprehensive Income for the Period		-	-	-	-	217,321	26,541	-	243,862	5,703	249,565
Appropriation and distribution of retained earnings of 2024											
Legal reserve appropriated	6(18)	-	-	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 September 30, 2024		<u>\$ 761,524</u>	<u>\$ 128,616</u>	<u>\$ 293,365</u>	<u>\$ 94,936</u>	<u>\$ 476,665</u>	<u>(\$ 35,077)</u>	<u>(\$ 33,318)</u>	<u>\$ 1,686,711</u>	<u>\$ 119,076</u>	<u>\$ 1,805,787</u>

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Statements of Cash Flows
For the 9 Months Ended September 30, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
<u>Operating Cash Flows:</u>			
Current Period Pre-tax Net Profit		\$ 279,151	\$ 176,971
Adjustments:			
Items of Income and Expense			
Expected Credit Impairment Loss (Gain)	12(2)	19,006	2,187
Depreciation Expense (including	6(7)(8)(23)		
Amortization of Right-of-Use Assets)		49,108	50,358
Amortization Expense	6(23)	2,119	2,213
Interest Expense	6(8)(11)(14)	6,647	7,008
Interest Income		(2,113)	(3,576)
Dividend income	6(21)	(1,539)	(2,386)
Gain on Disposal of Property, Plant, and	6(22)		
Equipment		(941)	(1,273)
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		40,320	(11,964)
Notes Receivable		(4,902)	128,278
Notes Receivable - Related Parties		9,541	21,127
Accounts Receivable (including Long-			
term Notes and Accounts Receivable)		374,908	(6,275)
Accounts Receivable - Related Parties		14,032	998
Inventory		50,778	(80,672)
Other Current Assets - Other		4,465	(25,344)
Current portion of Contract Liabilities			
Contract liabilities-Current		30,029	130,691
Accounts Payable Notes		(108,379)	31,953
Accounts Payable		(260,344)	74,286
Other Payables		(27,453)	(68,628)
Current Provision		(4,208)	(149)
Other Current Liabilities - Other		(37,424)	3,040
Net Defined Benefit Liabilities - Non-			
current		(5,211)	(10,050)
Cash Inflows Generated from Operations:		427,590	415,380
Interest Received		2,113	3,576
Dividend Received		1,539	2,386
Interest Paid		(6,647)	(7,008)
Income Tax Paid		(76,481)	(34,921)
Net Cash Inflow from Operating Activities		<u>348,114</u>	<u>379,413</u>

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Statements of Cash Flows
For the 9 Months Ended September 30, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
<u>Investing Cash Flows:</u>			
Purchase of Property, Plant, and Equipment	6(27)	(\$ 54,190)	(\$ 51,808)
Increase in Prepayments for Equipment		(7,700)	(9,162)
Proceeds from Disposal of Property, Plant, and Equipment		944	2,767
Purchase of Intangible Assets		(591)	(592)
Decrease (Increase) in Deposits for Guarantees		728	3,090
Increase in Other Non-current Assets - Other		600	(600)
Net Cash Outflow from Investing Activities		(60,209)	(56,305)
<u>Financing Cash Flows:</u>			
Proceeds from Short-term Borrowings	6(28)	378,061	296,369
Repayment of Short-term Borrowings	6(28)	(243,393)	(392,560)
Repayment of Long-term Borrowings	6(28)	(22,497)	(22,645)
Repayment of Lease Principal	6(28)	(5,036)	(9,075)
Increase (Decrease) in Deposits Received for Guarantees		567	23,696
Cash Dividends		(182,766)	(152,304)
Allocated to minority interests		(2,273)	(847)
Net Cash Outflow from Financing Activities		(77,337)	(257,366)
Effect of Exchange Rate Changes		1,490	331
Net Increase (Decrease) in Cash and Cash Equivalents for the Period		212,058	66,073
Beginning Cash and Cash Equivalents Balance	6(1)	472,058	403,202
Ending Cash and Cash Equivalents Balance	6(1)	\$ 684,116	\$ 469,275

KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the 9 Month ended September 30, 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 November 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 remain is the same as Note 4 of the 2023 consolidated financial statements, unless otherwise stated, this 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
			September 30, 2024	December 31, 2023	September 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- CONDITIONING CO., LTD.	Merchandise sales and trading business	100	100	100	
CHING CHI INTERNATI ONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Engaged in the manufacturin g and sales of ice water machines, etc.	100	100	100	
CHING CHI INTERNATI ONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturin g	100	100	100	
KLEAN AIR ENTERPRIS E LTD.	KUEN LING MACHINERY REFRIGERATING(VIETN AM) CO.,LTD.	General manufacturin g	100	100	100	note 1
KLEAN AIR ENTERPRIS E LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	99	99	99	note 1 and note 2
KUEN LING MACHINER Y REFRIGERA TING(VIETN AM) 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 September 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 September 30,2024, December 31, 2023 and September 30,2023 were \$119,076, \$115,646 and \$105,215 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							
		September 30, 2024		December 31, 2023		September 30, 2023		Explanation	
		Amount	%	Amount	%	Amount	%		
CHING CHI INTERNATIONAL LIMITED	China	<u>\$ 113,963</u>	17	<u>\$ 111,065</u>	17	<u>\$ 100,702</u>	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

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 1,304,842	\$ 1,618,087	\$ 1,431,478
Non-current assets	204,943	196,104	192,185
Current liabilities	(798,579)	(1,129,352)	(999,426)
Non-current liabilities	(40,833)	(31,516)	(31,871)
Total net assets	<u>\$ 670,373</u>	<u>\$ 653,323</u>	<u>\$ 592,366</u>

Consolidated Profit and Loss Statement

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries

	3 Months ended September 30, 2024	3 Months ended September 30, 2023
Revenue	\$ 337,945	\$ 674,655
Profit(loss) before income tax	(\$ 8,320)	\$ 28,100
Income tax expense	(1,118)	-
Profit (loss) for the year	(9,438)	28,100
Other comprehensive income(loss)	(115)	(4,565)
Total comprehensive income(loss)	<u>(\$ 9,553)</u>	<u>\$ 23,535</u>

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries

	9 Months ended September 30, 2024	9 Months ended September 30, 2023
Revenue	\$ 1,022,794	\$ 1,268,714
Profit(loss) before income tax	\$ 3,749	\$ 35,212
Income tax expense	(3,173)	-
Profit (loss) for the year	576	35,212
Other comprehensive income(loss)	(28,340)	(27,367)
Total comprehensive income(loss)	<u>(\$ 27,764)</u>	<u>\$ 7,845</u>

Cash flow statement

	CHING CHI INTERNATIONAL LIMITED and its Subsidiaries	
	9 Months ended September 30, 2024	9 Months ended September 30, 2023
Net cash provided by (used in) operating activities	\$ 254,767	\$ 64,950
Net cash flows from investing activities:	(4,011)	(23,655)
Net cash flows from (used in) financing activities.	(17,073)	13,929
Effect of exchange rate changes on cash	414	(704)
Net increase (decrease) in cash and cash equivalents	234,097	54,520
Cash and cash equivalents at beginning of period	184,675	220,425
Cash and cash equivalents at end of period	<u>\$ 418,772</u>	<u>\$ 274,945</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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and revolving fund	\$ 1,243	\$ 996	\$ 1,102
Checking account and demand deposits	505,269	471,062	468,173
Time deposits	<u>177,604</u>	<u>-</u>	<u>-</u>
	<u>\$ 684,116</u>	<u>\$ 472,058</u>	<u>\$ 469,275</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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Note receivable	\$ 339,938	\$ 326,012	\$ 337,708
Less: Allowance for uncollectable accounts	<u>(24)</u>	<u>(24)</u>	<u>(24)</u>
	339,914	325,988	337,684
Note receivable from related parties (Note7)	<u>17,495</u>	<u>27,036</u>	<u>34,102</u>
	<u>\$ 357,409</u>	<u>\$ 353,024</u>	<u>\$ 371,786</u>
Accounts receivable	\$ 947,843	\$ 1,288,028	\$ 802,867
Less: Allowance for uncollectable accounts	<u>(82,593)</u>	<u>(61,824)</u>	<u>(38,529)</u>
	865,250	1,226,204	764,338
Accounts receivable from related parties (Note7)	<u>7,124</u>	<u>12,286</u>	<u>5,828</u>
	<u>\$ 872,374</u>	<u>\$ 1,238,490</u>	<u>\$ 770,166</u>

	September 30, 2024		December 31, 2023		September 30, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$357,433	\$ 820,112	\$353,048	\$1,214,523	\$371,810	\$706,944
Past due :						
Up to 30 days	-	37,576	-	26,030	-	25,814
31 to 90 days	-	42,398	-	14,194	-	12,706
91 to 180 days	-	18,778	-	7,815	-	32,846
181 days to 1 years	-	18,448	-	28,214	-	17,544
1 to 2 years	-	6,729	-	5,113	-	8,326
Over 2 years	-	10,926	-	4,425	-	4,515
	<u>\$357,433</u>	<u>\$ 954,967</u>	<u>\$353,048</u>	<u>\$1,300,314</u>	<u>\$371,810</u>	<u>\$808,695</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2024, December 31, 2023 and September 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group does not hold any collateral as security for accounts receivable.
- D. As of September 30, 2024, December 31, 2023 and September 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 \$1,229,783, \$1,591,514 and \$1,141,952, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).
- F. September 30, 2024, December 31, 2023 and September 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 \$32,203 (RMB 7,144 thousand), \$59,589 (RMB 13,786 thousand) and \$102,899 (RMB 23,287 thousand), respectively.
- G. Please refer to Note 6(10) for the information of long-term receivables.

(3) Inventories

September 30, 2024			
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 291,628	(\$ 43,202)	\$ 248,426
Work in progress	116,804	-	116,804
Finished goods	238,230	(16,972)	221,258
Merchandise	25,384	(2,143)	23,241
	<u>\$ 672,046</u>	<u>(\$ 62,317)</u>	<u>\$ 609,729</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>

September 30, 2023			
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 332,289	(\$ 38,684)	\$ 293,605
Work in progress	145,650	-	145,650
Finished goods	307,743	(17,111)	290,632
Merchandise	20,547	(2,786)	17,761
Materials and supplies in transit	4,565	-	4,565
	<u>\$ 810,794</u>	<u>(\$ 58,581)</u>	<u>\$ 752,213</u>

The cost of inventories recognised as expense for the year:

	3 months ended September 30, 2024	3 months ended September 30, 2023
Cost of goods sold	\$ 601,141	\$ 659,202
Loss on decline in market value	10,386	1,936
Others	101,795	65,081
	<u>\$ 713,322</u>	<u>\$ 726,219</u>

	9 months ended September 30, 2024	9 months ended September 30, 2023
Cost of goods sold	\$ 1,657,090	\$ 1,509,900
Loss on decline in market value	1,269	13,276
Others	288,820	227,061
	<u>\$ 1,947,179</u>	<u>\$ 1,750,237</u>

(4) Other assets-current

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayment	\$ 72,659	\$ 61,239	\$ 88,009
Other receivables	3,800	2,518	6,680
Guarantee deposits paid-current	2,697	6,065	7,203
Office supplies	1,630	1,539	1,699
Current financial asset at amortised	600	1,127	1,439
Retained tax credit	-	10,931	6,001
Other	513	870	440
	<u>\$ 81,899</u>	<u>\$ 84,289</u>	<u>\$ 111,471</u>

As of September 30, 2024, December 31, 2023 and September 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 \$1,439; refer to Notes 8 for details.

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

Items	September 30, 2024	December 31, 2023	September 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 September 30, 2024, December 31, 2023 and September 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

	<u>Buildings and structures</u>										Unfinished construction and equipment under acceptance	Total
	Land	Owner occupied	Lease	Subtotal	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment			
<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	<u>-</u>	<u>(278,167)</u>	<u>(20,254)</u>	<u>(298,421)</u>	<u>(236,786)</u>	<u>(45,103)</u>	<u>(16,659)</u>	<u>(3,130)</u>	<u>(10,257)</u>	<u>-</u>		<u>(610,356)</u>
	<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	-	1,054	-	1,054	2,739	5,378	1,538	242	775	44,886		56,612
Transfers from prepayment for business facilities	-	-	-	-	1,766	-	67	-	-	(588)		1,245
Depreciation charge	-	(18,430)	(3,429)	(21,859)	(14,448)	(4,333)	(2,267)	(490)	(1,013)	-		(44,410)
Disposals-cost	-	(9,626)	-	(9,626)	(1,161)	(5,501)	(157)	-	-	-		(16,445)
Disposals-accumulated depreciation	-	9,626	-	9,626	1,158	5,501	157	-	-	-		16,442
Net exchange differences	<u>-</u>	<u>4,486</u>	<u>1,726</u>	<u>6,212</u>	<u>2,174</u>	<u>152</u>	<u>119</u>	<u>-</u>	<u>3</u>	<u>-</u>		<u>8,660</u>
September 30	<u>\$137,865</u>	<u>\$259,658</u>	<u>\$ 63,922</u>	<u>\$323,580</u>	<u>\$ 85,046</u>	<u>\$ 17,630</u>	<u>\$ 11,326</u>	<u>\$ 3,246</u>	<u>\$ 4,294</u>	<u>\$ 63,741</u>		<u>\$ 646,728</u>
<u>September 30, 2024</u>												
Cost	\$137,865	\$551,427	\$ 88,085	\$639,512	\$338,740	\$ 62,122	\$ 30,643	\$ 6,866	\$ 15,650	\$ 63,741		\$1,295,139
Accumulated depreciation and impairment	<u>-</u>	<u>(291,769)</u>	<u>(24,163)</u>	<u>(315,932)</u>	<u>(253,694)</u>	<u>(44,492)</u>	<u>(19,317)</u>	<u>(3,620)</u>	<u>(11,356)</u>	<u>-</u>		<u>(648,411)</u>
	<u>\$137,865</u>	<u>\$259,658</u>	<u>\$ 63,922</u>	<u>\$323,580</u>	<u>\$ 85,046</u>	<u>\$ 17,630</u>	<u>\$ 11,326</u>	<u>\$ 3,246</u>	<u>\$ 4,294</u>	<u>\$ 63,741</u>		<u>\$ 646,728</u>

	Buildings and structures									Unfinished construction and equipment under acceptance	Total
	Land	Owner occupied	Lease	Subtotal	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment		
<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	-	11,613	-	11,613	21,114	5,671	3,538	-	855	7,453	50,244
Transfers from prepayment for business facilities	-	308	-	308	14,743	-	-	-	-	(10,836)	4,215
Depreciation charge	-	(17,378)	(3,339)	(20,717)	(14,631)	(3,372)	(1,873)	(470)	(874)	-	(41,937)
Disposals-cost	-	(7,977)	-	(7,977)	(42,985)	(5,155)	(6,371)	-	(392)	-	(62,880)
Disposals-accumulated depreciation	-	7,977	-	7,977	41,514	5,155	6,348	-	392	-	61,386
Net exchange differences	-	539	1,571	2,110	56	17	9	-	3	11	2,206
September 30	<u>\$137,865</u>	<u>\$266,878</u>	<u>\$ 69,786</u>	<u>\$336,664</u>	<u>\$ 98,912</u>	<u>\$ 12,308</u>	<u>\$ 12,610</u>	<u>\$ 3,650</u>	<u>\$ 4,166</u>	<u>\$ 8,118</u>	<u>\$ 614,293</u>
<u>September 30, 2023</u>											
Cost	\$137,865	\$542,283	\$ 89,816	632,099	\$335,551	\$ 59,480	\$ 28,806	\$ 6,624	\$ 14,143	\$ 8,118	\$ 1,222,686
Accumulated depreciation and impairment	-	(275,405)	(20,030)	(295,435)	(236,639)	(47,172)	(16,196)	(2,974)	(9,977)	-	(608,393)
	<u>\$137,865</u>	<u>\$266,878</u>	<u>\$ 69,786</u>	<u>\$336,664</u>	<u>\$ 98,912</u>	<u>\$ 12,308</u>	<u>\$ 12,610</u>	<u>\$ 3,650</u>	<u>\$ 4,166</u>	<u>\$ 8,118</u>	<u>\$ 614,293</u>

A. For the 3 months and 9 months ended September 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 18,561	\$ 18,427	\$ 19,282
Buildings	<u>36,982</u>	<u>35,939</u>	<u>38,093</u>
	<u>\$ 55,543</u>	<u>\$ 54,366</u>	<u>\$ 57,375</u>

3 Month ended September 30,2024 3 Month ended September 30,2023

	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 148	\$ 144
Buildings	<u>1,434</u>	<u>1,374</u>
	<u>\$ 1,582</u>	<u>\$ 1,518</u>

9 Month ended September 30,2024 9 Month ended September 30,2023

	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 440	\$ 429
Buildings	<u>4,258</u>	<u>7,992</u>
	<u>\$ 4,698</u>	<u>\$ 8,421</u>

C. For the 3 months ended and 9 months ended September 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 September</u> <u>30,2024</u>	<u>3 Month ended September</u> <u>30,2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 389	\$ 400
Expense on leases of low value assets	71	72
Profit from lease modification	-	-
	<u>9 Month ended September</u> <u>30,2024</u>	<u>9Month ended September</u> <u>30,2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,180	\$ 1,510
Expense on leases of low value assets	281	215
Profit from lease modification	-	3,413

E. For the 3 months ended and 9 months ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$2,272, \$2,927, \$6,497 and \$10,800, 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 9 months ended September 30, 2024 and 2023, the Group recognised rent income in the amounts of \$6,120, \$5,046, \$17,792 and \$9,513, 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:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Within 1 year	\$ 20,455	\$ 22,029	\$ 22,029
Later than 1 year but not later than 3 years	41,324	38,343	41,253
More than 3 years	<u>189,942</u>	<u>127,709</u>	<u>136,910</u>
	<u>\$ 251,721</u>	<u>\$ 188,081</u>	<u>\$ 200,192</u>

(10) Long-term receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Total long term account receivable	\$ 392	\$ 785	\$ 916
Less: unrealized interest revenue	(6)	(20)	(27)
	<u>\$ 386</u>	<u>\$ 765</u>	<u>\$ 889</u>

As of September 30 2024, December 31, 2023 and September 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	September 30, 2024	December 31, 2023	September 30, 2023
Within 1 year	\$ 386	\$ 507	\$ 503
Later than 1 year but not later than 2 years	-	258	386
Later than 2 year but not later than 3 years	<u>\$ 386</u>	<u>\$ 765</u>	<u>\$ 889</u>

- A. As of September 30 2024, December 31, 2023 and September 30, 2023, the Group does not hold any collateral as security for long-term accounts receivable.
- B. As of September 30 2024, December 31, 2023 and September 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 \$386, \$765 and \$889, respectively.
- C. Information relating to credit risk of long-term receivables is provided in Note 12(2).

(11) Short-term borrowings

Type of borrowing	September 30, 2024	December 31, 2023	September 30, 2023
Bank unsecured borrowings	\$ 297,497	\$ 153,370	\$ 113,760
Bank secured borrowings	<u>22,042</u>	<u>29,159</u>	<u>35,779</u>
	<u>\$ 319,539</u>	<u>\$ 182,529</u>	<u>\$ 149,539</u>
Interest rate range	<u>0.50%~6.36%</u>	<u>1.60%~7.00%</u>	<u>1.60%~7.54%</u>

- A. Interest expense recognised in profit or loss amounted to \$1,987, \$991, \$4,702 and \$3,819 for the 3 Months ended and 9 Months ended September 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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Payable on technical service expense	\$ 96,554	\$ 100,988	\$ 75,140
Salaries and wages and year-end bonuses payable	94,536	97,700	70,559
Employees' compensation payable	38,343	40,202	26,174
Commodity tax payable	10,224	12,604	6,467
Directors' remuneration payable	9,821	11,501	6,170
Business tax payable	8,707	11,760	2,827
Payable on construction	7,567	5,145	2,054
Payable on construction	5,596	7,919	7,183
Others	66,870	68,774	79,533
	<u>\$ 338,218</u>	<u>\$ 356,593</u>	<u>\$ 276,107</u>

(13) Current provisions

	<u>Warranty</u>	<u>2024</u>	<u>2023</u>
January 1	\$	62,051	\$ 49,160
Additional provisions for the current period		22,231	22,645
Used in the period	(21,931)	(22,794)
Unused reversal in the current period	(4,508)	-
Net exchange differences		1,091	49
September 30	<u>\$</u>	<u>58,934</u>	<u>\$ 49,060</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	September 30, 2024
Long-term bank borrowings				
Secured borrowings	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	8.20%-8.50%	Right-of-use assets	\$ 6,258
				-
				6,258
Less: current portion				(6,258)
				\$ -
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.	2.08%	Land, buildings and structures	\$ 15,000
	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	7.00%	Right-of-use assets	13,411
				28,411
Less: current portion				(24,746)
				\$ 3,665

Type of borrowing	Borrowing period and repayment term	Interest rate range	Collateral	September 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.	2.08%	Land, buildings and structures	\$ 20,000
	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	7.00%	Right-of-use assets	16,574
				<hr/> 36,574
Less: current portion				(<hr/> 20,193)
				<hr/> <hr/> \$ 6,381

A. Interest expense recognized in profit or loss amounted to \$173, \$548, \$765 and \$1,679 for the 3 Month ended and 9 Months ended September 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 9 Months ended September 30, 2024 and 2023, the Group's pension costs recognized in accordance with the above-mentioned method were \$321, \$475, \$963 and \$1,325, 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 9 Months ended September 30, 2024 and 2023, were \$6,428, \$5,775, \$18,994 and \$17,589, respectively.

(16) Share capital

- A. As of September 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 9 Months ended September 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 9 Months ended September 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 September 30, 2024, December 31, 2023 and September 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 (losses) on valuation	Total
January 1	(\$	61,618)	(\$ 33,318)	(\$ 94,936)
Currency translation differences				
–Group		26,541	-	26,541
September 30	(\$	35,077)	(\$ 33,318)	(\$ 68,395)
		2023		
		Currency translation	Unrealized gains (losses) on valuation	Total
January 1	(\$	48,124)	(\$ 33,318)	(\$ 81,442)
Currency translation differences				
–Group		4,149	-	4,149
September 30	(\$	43,975)	(\$ 33,318)	(\$ 77,293)

(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 September 30, 2024					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$ 541,945	\$ 223,841	\$ 19,769	\$ 7,521	\$ 793,076
System integration	87,935	-	-	-	87,935
construction					
Repair and	39,629	23,059	1,956	239	64,883
maintenance					
	<u>\$ 669,509</u>	<u>\$ 246,900</u>	<u>\$ 21,725</u>	<u>\$ 7,760</u>	<u>\$ 945,894</u>
Timing of revenue					
recognition					
At appoint in time	\$ 541,945	\$ 223,841	\$ 19,769	\$ 7,521	\$ 793,076
Over time					
	127,564	23,059	1,956	239	152,818
	<u>\$ 669,509</u>	<u>\$ 246,900</u>	<u>\$ 21,725</u>	<u>\$ 7,760</u>	<u>\$ 945,894</u>

3 Months ended September 30, 2023					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$ 315,422	\$ 459,784	\$ 6,531	\$ 2,195	\$ 783,932
System integration	54,081	-	-	-	54,081
construction					
Repair and	37,341	13,494	3,600	312	54,747
maintenance					
	<u>\$ 406,844</u>	<u>\$ 473,278</u>	<u>\$ 10,131</u>	<u>\$ 2,507</u>	<u>\$ 892,760</u>
Timing of revenue					
recognition					
At appoint in time	\$ 315,422	\$ 459,784	\$ 6,531	\$ 2,195	\$ 783,932
Over time					
	91,422	13,494	3,600	312	108,828
	<u>\$ 406,844</u>	<u>\$ 473,278</u>	<u>\$ 10,131</u>	<u>\$ 2,507</u>	<u>\$ 892,760</u>

9 Months ended September 30,2024					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$1,367,799	\$ 699,932	\$ 67,311	\$ 12,789	\$2,147,831
System integration	237,336	-	-	-	237,336
construction					
Repair and	116,142	65,226	5,112	5,234	191,714
maintenance					
	<u>\$1,721,277</u>	<u>\$ 765,158</u>	<u>\$ 72,423</u>	<u>\$ 18,023</u>	<u>\$2,576,881</u>
Timing of revenue					
recognition					
At appoint in time	\$1,367,799	\$ 699,932	\$ 67,311	\$ 12,789	\$2,147,831
Over time					
	353,478	65,226	5,112	5,234	429,050
	<u>\$1,721,277</u>	<u>\$ 765,158</u>	<u>\$ 72,423</u>	<u>\$ 18,023</u>	<u>\$2,576,881</u>

9 Months ended September 30, 2023					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$1,031,660	\$ 813,930	\$ 28,998	\$ 5,212	\$1,879,800
System integration	176,597	-	-	-	176,597
construction					
Repair and	100,417	62,403	8,405	2,612	173,837
maintenance					
	<u>\$1,308,674</u>	<u>\$ 876,333</u>	<u>\$ 37,403</u>	<u>\$ 7,824</u>	<u>\$2,230,234</u>
Timing of revenue					
recognition					
At appoint in time	\$1,031,660	\$ 813,930	\$ 28,998	\$ 5,212	\$1,879,800
Over time					
	277,014	62,403	8,405	2,612	350,434
	<u>\$1,308,674</u>	<u>\$ 876,333</u>	<u>\$ 37,403</u>	<u>\$ 7,824</u>	<u>\$2,230,234</u>

B. Contract assets and liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract asset :				
System integration				
Construction Contract	\$ 45,535	\$ 85,855	\$ 19,553	\$ 7,589
Contract liabilities :				
Equipment unit contract	\$ 177,422	\$ 153,987	\$ 197,131	\$ 92,351
System integration				
Construction Contract	20,874	9,736	38,236	12,035
	\$ 198,296	\$ 163,723	\$ 235,367	\$ 104,386

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

	3 Months ended September 30, 2024	3 Months ended September 30, 2023
Equipment unit contract	\$ 29,790	\$ 2,481
System integration construction contract	506	-
	\$ 30,296	\$ 2,481
	9 Months ended September 30, 2024	9 Months ended September 30, 2023
Equipment unit contract	\$ 128,767	\$ 65,551
System integration construction contract	9,072	12,035
	\$ 137,839	\$ 77,586

(c) As of September 30, 2024, the total transaction price allocated to unfulfilled performance obligations amounted to \$230,837. 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 2025.

(21) Other income

	3 Months ended September 30, 2024	3 Months ended September 30, 2023
Rental income	\$ 6,120	\$ 5,046
Dividend income	-	952
Gains on doubtful debt recoveries	185	674
Other	4,665	4,188
	\$ 10,970	\$ 10,860
	9 Months ended September 30, 2024	9 Months ended September 30, 2023
Rental income	\$ 17,792	\$ 9,513
Dividend income	1,539	2,386
Gains on doubtful debt recoveries	664	4,298
Other	12,834	12,663
	\$ 32,829	\$ 28,860

(22) Other gains and losses

	<u>3 Months ended September 30,2024</u>	<u>3 Months ended September 30,2023</u>
Profit from exchange	(\$ 2,586)	\$ 729
Gains (losses)on disposals of property, plants and equipment	347	(147)
Lessees modification	-	-
Others	(216)	(140)
	<u>(\$ 2,455)</u>	<u>\$ 442</u>
	<u>9 Months ended September 30,2024</u>	<u>9 Months ended September 30,2023</u>
Profit from exchange	\$ 61	\$ 3,279
Gains (losses)on disposals of property, plants and equipment	941	1,273
Lessees modification	-	3,413
Others	(731)	(2,140)
	<u>\$ 271</u>	<u>\$ 5,825</u>

(23) Expenses by nature

	<u>3 Months ended September 30,2024</u>	<u>3 Months ended September 30,2023</u>
Employee benefits expenses	\$ 133,310	\$ 109,586
Depreciation charge	16,508	15,894
Amortization charge	699	706
	<u>\$ 150,517</u>	<u>\$ 126,186</u>
	<u>9 Months ended September 30,2024</u>	<u>9 Months ended September 30,2023</u>
Employee benefits expenses	\$ 364,798	\$ 325,851
Depreciation charge	49,108	50,358
Amortization charge	2,119	2,213
	<u>\$ 416,025</u>	<u>\$ 378,422</u>

(24) Employee benefit expense

	<u>3 Months ended September 30,2024</u>	<u>3 Months ended September 30,2023</u>
Wages and salaries	\$ 107,196	\$ 86,454
Labor and health insurance fees	9,426	8,716
Pension costs	6,749	6,250
Directors' emoluments	4,092	2,930
Other personnel expenses	5,847	5,236
	<u>\$ 133,310</u>	<u>\$ 109,586</u>

	9 Months ended September 30,2024	9 Months ended September 30,2023
Wages and salaries	\$ 287,887	\$ 258,876
Labor and health insurance fees	28,638	27,077
Pension costs	19,957	18,914
Directors' emoluments	11,232	7,567
Other personnel expenses	17,084	13,417
	<u>\$ 364,798</u>	<u>\$ 325,851</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 9 Months ended September 30,2024 and 2023, employees' compensation was accrued at \$6,841, \$4,665, \$18,510 and \$11,297, respectively; while directors' remuneration was accrued at \$2,932, \$1,999, \$7,933 and \$4,841, 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 9 Months ended September 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 September 30,2024</u>	<u>3 Months ended September 30,2023</u>
Current income tax:		
Income tax on profits	\$ 23,240	\$ 10,389
Undistributed surplus earnings	-	-
Prior year income tax underestimation	- (249)	
Total income tax for the current portion	<u>23,240</u>	<u>10,140</u>
Deferred tax:		
Origination and reversal of temporary differences	(3,186)	3,614
Income tax expense	<u>\$ 20,054</u>	<u>\$ 13,754</u>
	<u>9 Months ended September 30,2024</u>	<u>9 Months ended September 30,2023</u>
Current income tax:		
Income tax on profits	\$ 56,949	\$ 28,718
Undistributed surplus earnings	1,667	3,919
Prior year income tax underestimation	782 (254)	
Total income tax for the current portion	<u>59,398</u>	<u>32,383</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>1,490</u>	<u>5,583</u>
Income tax expense	<u>\$ 60,888</u>	<u>\$ 37,966</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 September 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	\$ 82,316	76,152	\$ 1.08
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 82,316	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	305	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	\$ 82,316	76,457	\$ 1.08
3 Months ended September 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	\$ 53,626	76,152	\$ 0.70
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 53,626	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	202	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	\$ 53,626	76,354	\$ 0.70

9 Months ended September 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>\$ 217,321</u>	<u>76,152</u>	<u>\$ 2.85</u>
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 217,321	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	<u>-</u>	<u>459</u>	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	<u>\$ 217,321</u>	<u>76,611</u>	<u>\$ 2.84</u>
9 Months ended September 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>\$ 132,744</u>	<u>76,152</u>	<u>\$ 1.74</u>
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 132,744	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	<u>-</u>	<u>447</u>	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	<u>\$ 132,744</u>	<u>76,599</u>	<u>\$ 1.73</u>

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>9 Months ended September 30,2024</u>	<u>9 Months ended September 30,2023</u>
Purchase of property, plant and equipment	\$ 56,612	\$ 50,244
Add: Opening balance of payable on Equipment	5,145	3,618
Less: Ending balance of payable on Equipment	(7,567)	(2,054)
Cash paid	<u>\$ 54,190</u>	<u>\$ 51,808</u>

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

	<u>9 Months ended September 30,2024</u>	<u>9 Months ended September 30,2023</u>
Prepayment for equipment transferred to property and plant and equipment	<u>\$ 1,245</u>	<u>\$ 4,215</u>
Increase in right-of-use assets	\$ 3,701	\$ 39,506
Less: Increase in lease liabilities	(3,701)	(39,506)
	<u>\$ -</u>	<u>\$ -</u>
Decrease in right-of-use assets	\$ -	\$ 16,702
Less: Increase in lease liabilities	-	(20,115)
Profit from lease modification	<u>\$ -</u>	<u>(\$ 3,413)</u>
Long-term loans due within one year	<u>\$ 6,258</u>	<u>\$ 30,193</u>

(28) Changes in liabilities from financing activities

	January 1,2024	Changes in cash flow from financing activities	Changes in non- cash	September 30, 2024
Short-term borrowing	\$ 182,529	\$ 134,668	\$ 2,342	\$ 319,539
Long-term borrowings (Note 1)	28,411	(22,497)	344	6,258
Lease liabilities (Note 2)	<u>36,900</u>	<u>(5,036)</u>	<u>5,271</u>	<u>37,135</u>
Liabilities from financing activities-gross	<u>\$ 247,840</u>	<u>\$ 107,135</u>	<u>\$ 7,957</u>	<u>\$ 362,932</u>

	January 1,2023	Changes in cash flow from financing activities	Changes in non- cash	September 30, 2023
Short-term borrowing	\$ 244,786	(\$ 96,191)	\$ 944	\$ 149,539
Long-term borrowings (Note 1)	58,658	(22,645)	561	36,574
Lease liabilities (Note 2)	<u>27,337</u>	<u>(9,075)</u>	<u>19,337</u>	<u>37,599</u>
Liabilities from financing activities-gross	<u>\$ 330,781</u>	<u>(\$ 127,911)</u>	<u>\$ 20,842</u>	<u>\$ 223,712</u>

Note 1: Including current portion.

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

7. Related Party Transactions

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Operating revenue

3 Months ended September 30,2024 3 Months ended September 30,2023

Sales of goods:

Individuals with significant influence

TECO Electric & Machinery	\$	6,008	\$	11,737
Others		4,132		1,874
	\$	<u>10,140</u>	\$	<u>13,611</u>

9 Months ended September 30,2024 9 Months ended September 30,2023

Sales of goods:

Individuals with significant influence

TECO Electric & Machinery	\$	24,900	\$	42,044
Others		13,877		3,631
	\$	<u>38,777</u>	\$	<u>45,675</u>

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

B. Purchases

3 Months ended September 30, 2024 3 Months ended September 30, 2023

Purchases of goods:

Individuals with significant influence \$ 530 \$ 840

9 Months ended September 30, 2024 9 Months ended September 30, 2023

Purchases of goods:

Individuals with significant influence \$ 1,833 \$ 2,911

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

September 30, 2024 December 31, 2023 September 30, 2023

Notes receivable:

Entities with significant influence

TECO Electric & Machinery \$ 17,495 \$ 27,036 \$ 34,102

Accounts receivable:

Entities with significant influence

TECO Electric & Machinery 618 10,307 5,524

Others 6,506 1,979 304

7,124 12,286 5,828

Total \$ 24,619 \$ 39,322 \$ 39,930

D. Payables

September 30, 2024 December 31, 2023 September 30, 2023

Notes payable:

Entities with significant influence \$ 147 \$ 69 \$ 16

Accounts payable:

Entities with significant influence 18 193 959

Total \$ 165 \$ 262 \$ 975

(3) Key management compensation

3 Months ended September 30, 2024 3 Months ended September 30, 2024

Salaries and other short-term employee benefits \$ 9,712 \$ 8,455

Post-employment benefits 61 60

\$ 9,773 \$ 8,515

9 Months ended September 30, 2024 9 Months ended September 30, 2024

Salaries and other short-term employee benefits \$ 33,246 \$ 28,854

Post-employment benefits 184 177

\$ 33,430 \$ 29,031

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	September 30,2024	December 31, 2023	September 30,2023	
Pledged time deposits (note 1)	\$ 600	\$ 1,727	\$ 2,039	Advance payment bonds issued by banks
Guarantee deposits paid - current (note 2)	2,697	6,065	7,203	Guarantee for bids
Land	96,150	96,150	96,150	Line of credit for long-term and short-term borrowing
Buildings and structure, net	142,231	125,728	151,372	Line of credit for long-term and short-term borrowing
Right-of-use assets, net	12,708	12,689	13,375	Line of credit for long-term and short-term borrowing
Guarantee deposits paid	14,456	15,182	18,166	Construction performance bond or maintenance bond
	<u>\$ 268,842</u>	<u>\$ 257,541</u>	<u>\$ 288,305</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:

	September 30,2024	December 31, 2023	September 30,2023
Performance guarantee	<u>\$ 60,219</u>	<u>\$ 61,510</u>	<u>\$ 60,424</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:

	September 30,2024	December 31, 2023	September 30,2023
Guaranteed amount provided by the bank	<u>\$ 36,457</u>	<u>\$ 63,426</u>	<u>\$ 88,768</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:

	<u>September 30,2024</u>	<u>December 31, 2023</u>	<u>September 30,2023</u>
Outsourcing construction	\$ 99,406	\$ 190,950	\$ 166,690
Property, plant and equipment	<u>33,020</u>	<u>8,683</u>	<u>9,189</u>
	<u>\$ 132,426</u>	<u>\$ 199,633</u>	<u>\$ 175,879</u>

- (5) As of December 31 and September 30, 2023, the Group's unused letters of credit for the import of raw materials were USD 91 thousand, USD 12 thousand, respectively. None such situation as of September 30,2024.

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

	September 30,2024	December 31, 2023	September 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	\$ 684,116	\$ 472,058	\$ 469,275
Financial assets at amortised cost (note 1)	600	1,727	2,039
Notes receivable (including related parties)	357,409	353,024	371,786
Accounts receivable (including related parties)	872,374	1,238,490	770,166
Other receivables (note 1)	3,800	2,518	6,680
Guarantee deposits paid (including current) (note 1)	17,153	21,247	25,369
Long-term accounts receivable	386	765	889
	\$ 1,935,838	\$ 2,089,829	\$ 1,646,204
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 319,539	\$ 182,529	\$ 149,539
Notes payable	20,635	129,014	48,987
Accounts payable	489,662	721,247	630,156
Other payables	338,218	356,593	276,107
Long-term borrowings (including current portion)	6,258	28,411	36,574
Guarantee deposits received (including current portion) (note 2)	3,802	42,991	25,174
	\$ 1,178,114	\$ 1,460,785	\$ 1,166,537
Lease liability (including non-current)	\$ 37,135	\$ 36,900	\$ 37,599

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:

	September 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	\$ 7,108	7.02	224,968
USD:NTD	428	31.65	13,546
Non-monetary items (note)			
USD:NTD	22,121	31.65	690,653
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	751	31.65	23,769
USD:VND	660	23,747	20,889

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

September 30,2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 400	7.30	\$ 12,908
USD:NTD	871	32.27	28,107
Non-monetary items (note)			
USD:NTD	19,752	32.27	626,701
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	431	32.27	13,908
USD: VND	643	23,745	20,750

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 9 Months ended September 30, 2024 and 2023, amounted to (\$2,586), \$729, \$61 and \$3,279, respectively.

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

9 Months ended September 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%	\$ 2,250	\$ -
USD:NTD	1%	135	-
Non-monetary items (Note)			
USD:NTD	1%	-	6,907
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	238	-
USD:VND	1%	209	-

9 Months ended September 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: RMB	1%	\$ 129	-
USD: NTD	1%	281	\$ -
Non-monetary items (Note)			
USD:NTD	1%	-	6,267
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	139	-
USD:VND	1%	208	-

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 September 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 9 Months ended September 30, 2024 and 2023 would have decreased by \$63 and \$366, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group's written-off financial assets that are still under recourse procedures amounted to \$41,206, \$46,250 and \$44,428, 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 September 30, 2024, December 31, 2023 and September 30, 2023 is as follows:

		Past due						
		Not past due	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	1 to 2 year(s)	Over 2 years
September 30, 2024		0.31%~ 3.24%	0.67%~ 10.37%	0.99%~ 43.24%	4.74%~ 63.34%	8.75%~ 74.27%	13.75%~ 80.08%	100%
December 31, 2023		0.16%~ 3.31%	0.37%~ 10.5%	0.53%~ 41.5%	2.91%~ 63.01%	6.91%~ 73.73%	11.91%~ 78.93%	100%
September 30, 2023		0.16%~ 3.28%	0.37%~ 10.28%	0.53%~ 40.85%	2.91%~ 61.71%	6.91%~ 73.41%	11.91%~ 79.07%	100%

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

2024			
	Account receivable	Note receivable	Contract assets
At January 1	\$ 61,824	\$ 24	\$ -
Reversal of impairment loss	19,006	-	-
Write-offs	(300)	-	-
Effect of	2,063	-	-
At September 30	<u>\$ 82,593</u>	<u>\$ 24</u>	<u>\$ -</u>
2023			
	Account receivable	Note receivable	Contract assets
At January 1	\$ 36,669	\$ 24	\$ -
Reversal of impairment loss	2,187	-	-
Write-offs	(366)	-	-
Effect of	39	-	-
At September 30	<u>\$ 38,529</u>	<u>\$ 24</u>	<u>\$ -</u>

For the 3 Months ended and 9 Months ended September 30, 2024 and 2023, the impairment gains (losses) arising from customers' contracts amounts to \$(6,414), \$3,634, \$(19,006) and \$(2,187), 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

		September 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	\$	262,197	\$ 58,211	\$ -	\$ -	\$ -
Notes payable		20,635	-	-	-	-
Accounts payable		371,990	117,672	-	-	-
Other payables		143,264	194,954	-	-	-
Lease liability		240	5,944	6,404	18,932	11,242
Long-term borrowing (including current portion)		2,596	3,812	-	-	-
	\$	<u>800,922</u>	<u>\$ 380,593</u>	<u>\$ 6,404</u>	<u>\$18,932</u>	<u>\$11,242</u>
<u>Derivative financial liabilities:</u> 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>
<u>Derivative financial liabilities:</u> None.						

September 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	\$ 80,570	\$ 70,125	\$ -	\$ -	\$ -
Notes payable	48,987	-	-	-	-
Accounts payable	529,095	101,061	-	-	-
Other payables	137,737	138,370	-	-	-
Lease liability	321	5,494	5,323	16,599	16,850
Long-term borrowing (including current portion)	8,012	23,493	6,565	-	-
	<u>\$ 804,722</u>	<u>\$ 338,543</u>	<u>\$11,888</u>	<u>\$16,599</u>	<u>\$16,850</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 September 30,2024, December 31, 2023 and September 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 9 Months ended September 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 September 30, 2024						
	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 669,509	\$ 246,900	\$ 21,725	\$ 7,760	\$ -	\$ 945,894
Internal segment revenue	297,143	83,272	-	-	(380,415)	-
Total segment revenue	<u>\$ 966,652</u>	<u>\$ 330,172</u>	<u>\$ 21,725</u>	<u>\$ 7,760</u>	<u>(\$ 380,415)</u>	<u>\$ 945,894</u>
Segment profit and loss	<u>\$ 102,665</u>	<u>(\$ 1,344)</u>	<u>\$ 3,392</u>	<u>\$ 1,558</u>	<u>(\$ 11,530)</u>	<u>\$ 94,741</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 7,327</u>	<u>\$ 7,442</u>	<u>\$ 2,011</u>	<u>\$ 427</u>		<u>\$ 17,207</u>

3 Months ended September 30,2023

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 406,844	\$ 473,278	\$ 10,131	\$ 2,507	\$ -	\$ 892,760
Internal segment revenue	<u>207,754</u>	<u>201,378</u>	<u>208</u>	<u>-</u>	<u>(409,340)</u>	<u>-</u>
Total segment revenue	<u>\$ 614,598</u>	<u>\$ 674,656</u>	<u>\$ 10,339</u>	<u>\$ 2,507</u>	<u>(\$ 409,340)</u>	<u>\$ 892,760</u>
Segment profit and loss	<u>\$ 40,819</u>	<u>\$ 22,915</u>	<u>\$ 1,956</u>	<u>\$ 192</u>	<u>(\$ 4,897)</u>	<u>\$ 60,985</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 7,521</u>	<u>\$ 7,093</u>	<u>\$ 1,984</u>	<u>\$ 2</u>		<u>\$ 16,600</u>

9 Months ended September 30,2024

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 1,721,277	\$ 765,158	\$ 72,423	\$ 18,023	\$ -	\$2,576,881
Internal segment revenue	<u>866,263</u>	<u>249,862</u>	<u>-</u>	<u>-</u>	<u>(1,116,125)</u>	<u>-</u>
Total segment revenue	<u>\$ 2,587,540</u>	<u>\$ 1,015,020</u>	<u>\$ 72,423</u>	<u>\$ 18,023</u>	<u>(\$1,116,125)</u>	<u>\$2,576,881</u>
Segment profit and loss	<u>\$ 262,982</u>	<u>(\$ 3,779)</u>	<u>\$ 11,230</u>	<u>(\$ 178)</u>	<u>(\$ 19,670)</u>	<u>\$ 250,585</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 22,298</u>	<u>\$ 22,464</u>	<u>\$ 5,984</u>	<u>\$ 481</u>		<u>\$ 51,227</u>
Segment assets	<u>\$ 1,904,103</u>	<u>\$ 1,344,888</u>	<u>\$ 181,594</u>	<u>\$ 11,165</u>		<u>\$3,441,750</u>
Segment liabilities	<u>\$ 900,821</u>	<u>\$ 685,579</u>	<u>\$ 45,813</u>	<u>\$ 3,750</u>		<u>\$1,635,963</u>

9 Months ended September 30,2023

	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 1,308,674	\$ 876,333	\$ 37,403	\$ 7,824	\$ -	\$2,230,234
Internal segment revenue	<u>684,548</u>	<u>392,381</u>	<u>270</u>	<u>-</u>	<u>(1,077,199)</u>	<u>-</u>
Total segment revenue	<u>\$ 1,993,222</u>	<u>\$ 1,268,714</u>	<u>\$ 37,673</u>	<u>\$ 7,824</u>	<u>(\$1,077,199)</u>	<u>\$2,230,234</u>
Segment profit and loss	<u>\$ 138,025</u>	<u>\$ 18,040</u>	<u>(\$ 1,340)</u>	<u>\$ 1,067</u>	<u>(\$ 10,074)</u>	<u>\$ 145,718</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 23,248</u>	<u>\$ 23,857</u>	<u>\$ 5,460</u>	<u>\$ 6</u>		<u>\$ 52,571</u>
Segment assets	<u>\$ 1,622,334</u>	<u>\$ 1,425,477</u>	<u>\$ 182,448</u>	<u>\$ 15,298</u>		<u>\$3,245,557</u>
Segment liabilities	<u>\$ 717,592</u>	<u>\$ 838,822</u>	<u>\$ 54,824</u>	<u>\$ 8,204</u>		<u>\$1,619,442</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 September 30	
	2024	2023
Reportable segments profit and loss	\$ 94,741	\$ 60,985
Non-operating income and expenses	<u>6,360</u>	<u>11,222</u>
Profit before tax and continued operations	<u>\$ 101,101</u>	<u>\$ 72,207</u>
	9 Months ended September 30	
	2024	2023
Reportable segments profit and loss	\$ 250,585	\$ 145,718
Non-operating income and expenses	<u>28,566</u>	<u>31,253</u>
Profit before tax and continued operations	<u>\$ 279,151</u>	<u>\$ 176,971</u>

Table 1. Loans to others:

Number	Lender	Counter- party	Account name	Related party	Highest balance for the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business parties	Reason for financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing	Remarks
													Item	value			
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO.,LTD.	Other receivable – related parties	Yes	\$19,674	-	-	--	Note 1(2)	-	Working capital	-	None	-	\$168,671	\$674,684	

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	September 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	\$849,318	61%	According to the agreement of both parties	Note	Note	\$329,729	73%	
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Fellow subsidiary	Sale	208,448	70%	-	-	-	133,978	83%	

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	\$329,729	3.89%	\$-	-	\$97,099	\$-	None
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Fellow subsidiary	133,978	1.68%	-	-	45,745	-	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	\$849,318	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	329,729	According to the agreement of both parties	10%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Management services revenue	22,490	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Other receivables	20,254	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	1	Purchase	20,523	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	14,184	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	1	Purchase	14,339	According to the agreement of both parties	1%

1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Purchase	208,448	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	94,714	According to the agreement of both parties	3%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Accounts Payable- related party	39,264	According to the agreement of both parties	1%
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	19,821	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
				September 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	\$551,028	\$ 576	(\$ 4,776)	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	233,217	142,797	142,797	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	KLEAN AIR ENTERPRISE LTD.	Samoa	Invest in other region	138,046	138,046	4,401,000	100	135,586	8,847	8,847	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	Yi Kee Industrial Co., Ltd.	Taiwan	General manufacturing	7,073	7,073	-	70	11,939	2,813	1,979	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	132,123	8,904	-	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	4,803	(49)	-	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	49	(49)	-	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 September 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 September 30, 2024	Accumulated investment income repatriated to Taiwan as of September 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	(\$ 6,957)	83	(\$ 9,756)	\$ 312,354	\$ 52,973	Note 2, Note 3
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturing	272,443	2	58,649	-	-	58,649	4,232	83	5,027	242,661	-	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	(5,652)	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., LTD.	\$ 207,047	\$ 413,433	\$ 1,083,472	Note 4, Note 5, Note 6	

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>range</u>	<u>interest</u>	<u>other</u>
KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	(\$ 20,254)	3%	\$ -	-	(\$ 20,523)	11%	\$ -	-	\$ -	\$ -	-	\$ -	-
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	(14,184)	2%	-	-	(2,361)	1%	-	-	-	-	-	-	-

Table 9. Major shareholders

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

Note:

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